Supreme Court, U.S.
FILED

(1)

95 1169 JAN 22 1996

No. OFFICE OF THE CLERK

In The

Supreme Court of the United States

October Term, 1995

◆

THOMAS & BETTS CORPORATION and
THOMAS & BETTS HOLDINGS, INC.,

Petitioners,

v.

PANDUIT CORP.,

Respondent.

◆

Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Seventh Circuit

◆

PETITION FOR A WRIT OF CERTIORARI

◆

Sidney David*
Roy H. Wepner
Lerner, David, Littenberg,
Krumholz & Mentlik
600 South Avenue West
Westfield, NJ 07090
(908) 654-5000
Attorneys for Petitioners

*Counsel of Record

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

124pp

QUESTION PRESENTED

In establishing trademark rights under the Lanham Act, does a "more stringent" standard exist for product configurations than for other classes of trademarks and trade dress, whereby the trademark claimant must show that the secondary meaning of the product configuration is specifically associated with legally nonfunctional features and that such nonfunctional features serve exclusively as a signifier of source and have no intrinsic value to customers?

STATEMENT PURSUANT TO RULES 14.1(b) AND 29.1

The only parties to this action are those listed in the caption. Petitioner Thomas & Betts Holdings, Inc. is a wholly-owned subsidiary of petitioner Thomas & Betts Corporation. All subsidiaries of the petitioners are wholly owned except:

Leviton Manufacturing Co., Inc.

Thomas & Betts Pennar Ltd.

TB Intl, S.L.

Euromold S.A.

Fujimold Ltd.

Taimold Ltd.

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

JURISDICTION 1

STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 2

- A. Factual Background 2
- B. Proceedings Before The District Court ... 3
- C. Proceedings Before The Seventh Circuit 4

REASONS FOR GRANTING THE PETITION 7

- I. The Legal Framework 9
- II. The Supreme Court Never Mandated A "More Stringent" Standard For Secondary Meaning For Product Configurations 10
- III. Certiorari Should Be Granted Because The Seventh Circuit's "Primary Significance" Standard, Which Requires That A Feature Serve "Exclusively As A Signifier Of Source," Conflicts With Well-Established Authority 14
  - A. The Seventh Circuit's Equating Of Utility With Legal Functionality Conflicts With Decisions Of The Supreme Court And Other Circuits 14
  - B. The Seventh Circuit's "More Stringent" Test Mixes Secondary Meaning And Utility And Treats Them As Mutually Exclusive 15

TABLE OF CONTENTS – Continued

Page

  - C. The Seventh Circuit's "More Stringent" Standard Caused The Court To Erroneously Disregard The Effect Of Years Of Substantial Advertising 18

- IV. Certiorari Should Be Granted To Resolve The Clear Conflict Among The Circuits As To Whether, In A Product Configuration Trade Dress Case, The Claimant Must Show That The Secondary Meaning Is Specifically Associated With Nonfunctional Features 20
  - A. A Product Configuration May Be Protectable Even When Its Individual Features Are Unprotectable 20
  - B. Functional Features May Be Responsible For Secondary Meaning 23
- V. Certiorari Should Be Granted Because The Seventh Circuit's Decision Is Fundamentally Flawed 26
- VI. Certiorari Should Be Granted Because The Present Case Raises Questions Of Far-Reaching Importance 28

CONCLUSION 30

TABLE OF AUTHORITIES

Page

CASES

American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136 (3d Cir. 1986) 7, 21, 23, 24, 28

Brandir Int'l, Inc. v. Cascade Pacific Lumber Co., 834 F.2d 1142 (2d Cir. 1987) 14

Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527 (Fed. Cir. 1994), *cert. denied*, 115 S. Ct. 1426 (1995) 14

Duraco Prod., Inc. v. Joy Plastic Ent., Ltd., 40 F.3d 1431 (3d Cir. 1994) 9, 23

Fabrication Ent., Inc. v. Hygenic Corp., 64 F.3d 53 (2d Cir. 1995) 17

Fuddrucker's, Inc. v. Doc's B.R. Others, Inc., 826 F.2d 837 (9th Cir. 1987)............................ 22

Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982) 5, 10, 11, 12, 14

Jeffrey Millstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27 (2d Cir. 1995)............................ 23

John H. Harland Co. v. Clarke Checks, Inc., 711 F.2d 966 (11th Cir. 1993)............................ 22

Keene Corp. v. Paraflex Ind., Inc., 653 F.2d 822 (3d Cir. 1981) 18

Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) 5, 10

LeSportsac, Inc. v. K Mart Corp., 754 F.2d 71 (2d Cir. 1985).. 21

Morton-Norwich Products, Inc., In re 671 F.2d 1332 (C.C.P.A. 1982) 14, 18

TABLE OF AUTHORITIES – Continued

Page

Nabisco Brands, Inc. v. Conusa Corp., 722 F. Supp. 1287 (M.D.N.C.), *aff'd mem.*, 892 F.2d 74 (4th Cir. 1989) 16

P.D. Beckwith, Estate of v. Comm'r of Patents, 252 U.S. 538 (1920) 13

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985) 29

Qualitex Co. v. Jacobson Prod. Co., Inc., 115 S. Ct. 1300 (1995) 5, 9, 10, 11, 12, 14

R.M. Smith, Inc., In re 734 F.2d 1482 (Fed. Cir. 1994), *cert. denied*, 115 S. Ct. 1426 (1995) 14

Readers Digest Ass'n, Inc. v. Conservative Digest, Inc., 831 F.2d 800 (D.C. Cir. 1987) 18

Stormy Clime Ltd. v. Progroup, Inc., 809 F.2d 971 (2d Cir. 1987) 28

Taco Cabana Int'l, Inc. v. Two Pesos, Inc., 932 F.2d 1113 (5th Cir. 1991) 21, 22

Textron, Inc. v. U.S. Int'l Trade Comm'n, 753 F.2d 1019 (Fed. Cir. 1985) 24, 25, 26, 27

Two Pesos, Inc. v. Taco Cabana, Inc., 112 S. Ct. 2753 (1992) . . . . *passim*

Vornado Air Circulation Sys., Inc. v. Duracraft Corp., 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 64 U.S.L.W. 3271 (U.S., Jan. 8, 1996) 5, 9, 10

Yamaha Int'l Corp. v. Hoshino Gakki Co., 840 F.2d 1572 (Fed. Cir. 1988), *aff'g*, 231 U.S.P.Q. (BNA) 926 (T.T.A.B. 1986) 19, 20

TABLE OF AUTHORITIES - Continued

Page

STATUTES

15 U.S.C. § 1125(a) 1, 3, 9

15 U.S.C. § 1127 12

28 U.S.C. § 1254(1) 1

OTHER AUTHORITIES

McCarthy, J. Thomas, McCarthy On Trademarks (3d ed. 1995) 23

McKenney & Long, Federal Unfair Competition: Lanham Act § 43(a) (1995) 27

Restatement (Third) Of Unfair Competition (Tent. Draft No. 2, Mar. 23, 1990) 11

Restatement (Third) Of Unfair Competition (1995) 11, 15, 19, 22

Petitioners, Thomas & Betts Corporation and Thomas & Betts Holdings, Inc. (collectively "T&B"), respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit.

◆

OPINIONS BELOW

The opinion of the Seventh Circuit, reported at 65 F.3d 654 (7th Cir. 1995), is reproduced in the Appendix, *infra*, at 1a-24a. The Seventh Circuit's order denying T&B's petition for rehearing and suggestion for rehearing *en banc* is reproduced at 85a-86a. The Seventh Circuit's denial of the motion by respondent Panduit Corp. ("Panduit") for a stay, reported at 34 U.S.P.Q.2d (BNA) 1607 (7th Cir. 1994), is reproduced at 26a-27a. The Memorandum Opinion and Order of the United States District Court for the Northern District of Illinois, reported at 34 U.S.P.Q.2d (BNA) 1545 (N.D. Ill. 1994), is reproduced at 28a-84a.

◆

JURISDICTION

The judgment of the court of appeals was entered on September 14, 1995. 25a. The court of appeals denied T&B's timely petition for rehearing on October 23, 1995. 85a-86a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

◆

STATUTORY PROVISIONS INVOLVED

The statute involved in this petition is Section 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125(a)(1), which provides:

> SEC. 43 (15 U.S.C. 1125). (a)(1) Any person who, on or in connection with any goods or services,

> or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she or is likely to be damaged by such act.

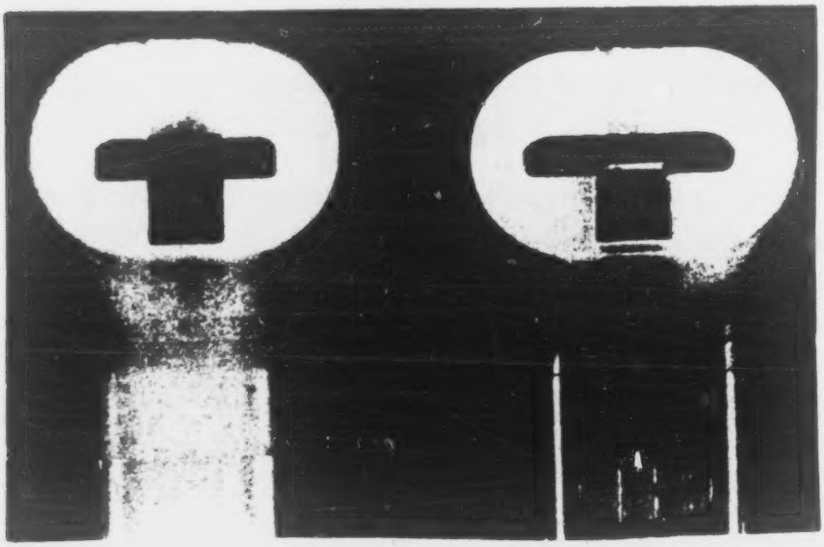
◆

STATEMENT OF THE CASE

A. Factual Background

T&B is a manufacturer of "cable ties" which, as the Seventh Circuit explained (2a), consist of a strap terminating at one end in a tapered tail and at the other in a head which incorporates a horizontal slot and locking mechanism. The strap is looped around the bundle of wires to be secured and the tail is inserted through the slit in the head and pulled tight to secure the bundle. Since 1962, T&B has been selling a line of cable ties having a head with a particular oval shape, known as the TY-RAP.

In 1994, Panduit introduced a cable tie which substantially duplicated T&B's cable tie, including the oval-shaped head. The following photograph shows the heads[1] of the T&B and Panduit cable ties side by side (the T&B tie is on the right):



B. Proceedings Before The District Court

T&B filed suit against Panduit in the Northern District of Illinois, alleging, *inter alia,* unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). On December 14, 1994, the district court granted T&B's motion for preliminary injunction. It found that the trade dress of T&B's cable ties had acquired secondary meaning, which the court defined as "an association in the mind of the consumer between the trade dress of a product and a particular source." 59a-61a. In finding secondary meaning, the district court relied in part on a customer survey showing, *inter alia,* that 43% of respondents presented with a T&B cable tie *with T&B's logo removed* recognized it as a T&B product. 41a. The court also relied in part on T&B's extensive advertising which had prominently featured its cable tie. 31a, 37a, 59a-60a.

---

[1] The remainder of the cable ties consist of a continuation of the respective strap portions shown, which are virtually identical in appearance. A larger color print of this photograph is reproduced in the Appendix, 87a.

Panduit's marketing of its competitive cable tie was found by the district court to have established a substantial likelihood of confusion. 63a-68a. The court also rejected Panduit's defense of functionality, 68a-76a, finding that while certain features of T&B's cable tie were legally functional (including the steel barb and a transverse slot), the oval shape of the head was not functional. The district court enjoined Panduit from marketing a cable tie which included the combination of the oval-shaped head, the steel barb and the transverse slot, but expressly indicated that Panduit was not enjoined from selling a steel barbed cable tie with a transverse slot having a head configuration that is not identical or confusingly similar to T&B's oval-shaped head. 82a.

C. Proceedings Before The Seventh Circuit

Panduit appealed to the United States Court of Appeals for the Seventh Circuit. On December 23, 1994, a panel of the Seventh Circuit denied Panduit's emergency motion for a stay, holding that Panduit's probability of success on the appeal was low. 27a. On September 14, 1995, the Seventh Circuit reversed the district court's grant of a preliminary injunction and specifically held that T&B had not established secondary meaning. 1a-24a.

The Seventh Circuit noted that the district court had defined secondary meaning as "an *association* in the mind of the consumer between the trade dress of a product and a particular source," 16a, quoting 59a (emphasis added). The court of appeals concluded that this was not the proper legal standard; on the contrary, T&B was required to prove "that in the minds of consumers the *primary significance* of ***the oval head*** [*not* the overall product] is to identify the TY-RAP as a T&B product." 17a (emphasis added).

The court noted that while the "association" formulation had appeared in prior Seventh Circuit decisions, the Tenth Circuit had recently stated in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 64 U.S.L.W. 3271 (U.S., Jan. 8, 1996) (a decision issued after oral argument in this case and not addressed by the parties) that four Supreme Court decisions (*Qualitex Co. v. Jacobson Products Co., Inc.*, 115 S. Ct. 1300, 1303 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2756 n.4 (1992); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982); and *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938)) had "made clear" that the "more stringent" primary significance standard is the correct one. 17a n.8, citing *Vornado*, 58 F.3d at 1502 n.7. On that basis, the Seventh Circuit concluded that none of the evidence upon which the district court relied supported its finding of secondary meaning in light of the "more stringent" legal standard.

Turning to situations like the present case, where trade dress rights are claimed in a product configuration, the court acknowledged that "features of a product may serve primarily to signify its source. . . . " 6a. But the court then stated that:

> [t]rade dress protection only extends to the role of such features as signifier of source; when competitors are barred from duplicating *features whose value to consumers is intrinsic and not exclusively as a signifier of source*, competition is unduly hindered.

Id. (emphasis added).

The Seventh Circuit then stated, "The issue is slightly different in most trade dress product configuration cases, because product features, though they may identify the source of the product, do not really identify the product – they are the product." 9a. The court added:

> The issue is not the primary meaning to consumers of a particular signifier, but is instead *whether a product feature's primary significance to consumers is as an identifier of source or as an element which contributes to the inherent appeal of the product. . . .*

Id. (emphasis added).

On the basis of this "more stringent" legal test, the Seventh Circuit found a "fatal problem" with T&B's customer survey: it did not "separate" the oval head (which was found to be nonfunctional) from what the court of appeals considered the clearly non-protectable (*i.e.*, functional) elements, the metal barb and the slot. Based upon its view that secondary meaning had to be attributable solely to nonfunctional features, the court concluded that a survey which asks customers to identify the source of a product based on its overall configuration, when most of the product's configuration is functional, is "worthless in determining whether a particular product *feature* has acquired secondary meaning." 19a-20a (emphasis added).

Similarly, based upon its conclusion that features were not protectable unless they served exclusively to indicate origin, the Seventh Circuit held that T&B's advertising, which prominently displayed the oval-headed shape of T&B's oval-headed cable ties but also touted the desirable qualities of the overall product (including the oval head), not only failed to support secondary meaning, but actually undermined such a finding. 18a-19a.

T&B petitioned for rehearing and suggested that the appeal be reheard *en banc*. On October 23, 1995, the Seventh Circuit denied T&B's petition. 85a-86a.

◆

REASONS FOR GRANTING THE PETITION

Every step of the Seventh Circuit's analysis conflicted with decisions of the Supreme Court and other circuits.

In dissecting a unitary product configuration into separate features, and refusing to allow protection unless a single nonfunctional feature had acquired secondary meaning, the Seventh Circuit has placed itself at odds with other circuits. Those courts have repeatedly held that since trade dress consists of the *total image* and *overall appearance* of a product, it may be protectable even when some (or even all) individual features are legally functional (as five circuits have held), or even if *none* of its features individually have become distinctive (as the Second and Third Circuits have held).[2] Further – and contrary to decisions in other circuits[3] – the Seventh Circuit's "primary significance" requirement mixes secondary meaning and functionality. That mixing leads the Seventh Circuit to a holding that secondary meaning must be attributable solely to nonfunctional features – which is squarely in conflict with a decision of the Third Circuit.[4]

Moreover, rather than prohibit trade dress rights only where there is a competitive need for a feature (*i.e.*, legal functionality), the Seventh Circuit has in effect held that a feature which is not legally functional is still unprotectable *merely because it serves a function* – a standard under which virtually no product configuration feature could ever be protectable, and which directly conflicts with decisions of the Second and Federal Circuits.[5] The Seventh Circuit's view that for a product feature to be protected, it must *exclusively* signify origin and cannot contribute to the product's appeal, has been squarely rejected by the Second Circuit.[6] The Seventh Circuit's dismissal of T&B's advertising because that advertising did not explicitly call attention to the oval head conflicts with a Federal Circuit decision, which reached the opposite conclusion on similar facts.[7]

---

[2] *See* § IV.A, *infra* at pp. 20-23.

[3] *See* § III.B, *infra* at pp. 15-18.

[4] *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136 (3d Cir. 1986), discussed in § IV.B, *infra* at pp. 23-25.

The Seventh Circuit's decision also runs counter to the Supreme Court authority upon which it purported to rely:[8]

- The Supreme Court's Lanham Act jurisprudence militates against the type of special legal rule erected by the Seventh Circuit for product configurations.

- The Supreme Court has never suggested that any "primary significance" test should displace the "association" test for secondary meaning.

- Nor has any Supreme Court decision ever suggested that the standard for functionality be reduced to the point of denying protection merely because a product feature serves a utilitarian function. The Seventh Circuit's "more stringent" standard of "primary significance" undermines the "competitive need" standard for functionality reaffirmed by the Supreme Court only last year.

- Finally, no Supreme Court decision ever suggested that trade dress should be dissected into individual features, or require that any individual product feature be either nonfunctional or distinctive, let alone both; on the contrary, as recently as 1992, this Court reaffirmed that trade dress resides in the total image and overall appearance of a product.

---

[5] *See* § III.A, *infra* at pp. 14-15.

[6] *See* § III.B, *infra* at pp. 15-18.

[7] *See* § III.C, *infra* at pp. 18-20.

[8] *See* § II, *infra* at pp. 10-13.

The Seventh Circuit's "primary significance" standard is not only conceptually unsound; but as the Third Circuit has predicted, it will be virtually impossible for litigants to satisfy, and could effectively exclude product configurations from the protection of the Lanham Act.[9]

I. The Legal Framework

For a court to grant relief under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), it must find, *inter alia*, that the trade dress at issue is distinctive (*i.e.*, either it is inherently distinctive or it has acquired distinctiveness through secondary meaning); and that the trade dress is nonfunctional. *Two Pesos*, 112 S. Ct. at 2758.[10] A product feature is functional if essential to the use or purpose of the article, or if it affects cost or quality, *i.e.*, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Qualitex*, 115 S. Ct. at 1304.

It is now well settled that the Lanham Act protects not only traditional forms of trade dress such as packaging, but also product configurations. *See, e.g., Vornado*, 58 F.3d at 1502; *Duraco Prod., Inc. v. Joy Plastic Ent., Ltd.*, 40 F.3d 1431, 1438-39 (3d Cir. 1994). It is also well established that trade dress rights are established in the "overall appearance" and "total image" of a product or its packaging. *Two Pesos*, 112 S. Ct. at 2755 n.1, and cases cited therein.

---

[9] *See* §§ V and VI, *infra* at pp. 26-30.

[10] A court must also find a likelihood of confusion, an issue which is not relevant to the issue before this Court.

II. The Supreme Court Never Mandated A "More Stringent" Standard For Secondary Meaning In Product Configurations

In adopting the "more stringent" test of "primary significance" (and in dismissing all of T&B's evidence because it was not addressed to that test), the Seventh Circuit cited the Tenth Circuit's *Vornado* decision with approval. 17a n.8. Citing *Qualitex, Two Pesos, Kellogg,* and *Inwood,* and without any discussion, *Vornado* asserted that "the Supreme Court has made clear that the test is the more stringent 'primary significance' standard." *Vornado,* 58 F.3d at 1502 n.7. Aside from *Vornado* being clearly *dicta* (having been decided on other grounds), the Supreme Court's decisions do not support the conclusion reached by the Seventh and Tenth Circuits.

Kellogg employed the term "primary significance," but it did not elaborate on what that term means. *Id.* at 118. Nor did *Kellogg* suggest (as the Seventh and Tenth Circuits have now asserted) that a "more stringent" standard should apply to secondary meaning in product configurations.

Inwood cited *Kellogg* in support of a definition of secondary meaning which employed the term "primary significance." But *Inwood* never reached the trade dress issues; the sole issue decided by the Supreme Court was whether drug manufacturers were vicariously liable for infringement by pharmacists. *Inwood,* 456 U.S. at 851 n.11. *Inwood* certainly never mandated a "more stringent" standard for product configurations.

In *Qualitex,* the Supreme Court did quote *Inwood*'s usage of "primary significance," *Qualitex,* 115 S. Ct. at 1303. But *Qualitex* related solely to whether the functionality doctrine or some "special legal rule" prohibited the establishment of trademark rights in color. *Qualitex* never suggested that its reference to "primary significance" required a "more stringent" standard for product configurations.

Finally, *Two Pesos* did not relate to how one proves secondary meaning, but instead considered whether trade dress claimants had to prove secondary meaning where the trade dress is inherently distinctive. However, it is noteworthy that *Two Pesos* stated, "Secondary meaning is used generally to indicate that a mark or dress 'has come through use to be uniquely *associated* with a specific source,' " citing the Restatement (Third) Of Unfair Competition, § 13, Comment e (Tent. Draft No. 2, Mar. 23, 1990).[11] 112 S. Ct. at 2756 n.4 (emphasis added). This was directly followed by a quotation of *Inwood*'s "primary significance" language. *Id.* Thus, *Two Pesos'* use of *Inwood*'s "primary significance" language as authority for a test employing the "association" language (which had been employed by the district court in this case, *see* 59a) suggests that there is no substantive difference between them.

Accordingly, rather than supporting the Seventh Circuit's decision, the decisions of the Supreme Court suggest that the Seventh Circuit was wrong in erecting a new and "more stringent" standard for one class of Lanham Act claimants, *i.e.*, those asserting rights in product configurations. *Two Pesos* held that there was no basis for imposing on one category of mark (trade dress) a special requirement that did not apply to other categories. *Two Pesos*, 112 S. Ct. at 2760. And *Qualitex* held that there was no reason to impose a "special legal rule" on one category of marks, *i.e.*, color. *Qualitex*, 115 S. Ct. at 1302, 1308. There is no basis in Supreme Court precedent - and no basis in the Lanham Act itself[12] - to conclude (as the Seventh Circuit did) that one category of trademark (product configurations) should be judged under legal standards that are "more stringent" than those for other categories.

---

[11] The final published version of the Restatement (Third) which was cited in draft form in *Two Pesos* retains the "association" language. "A designation that is not inherently distinctive . . . nevertheless may become, as a result of its use by a specific person, uniquely *associated* with that person's goods, services or business." Restatement (Third) Of Unfair Competition, § 13, Comment e, at 108 (1995) (emphasis added).

Moreover, the Supreme Court has never held or suggested that a product feature is unprotectable simply because it "contributes to the inherent appeal of the product" or because it has intrinsic "value to consumers." To be unprotectable, the features must be legally functional. "In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood*, 456 U.S. at 850 n.10. *Qualitex*, decided just last year, reaffirmed the definition of functionality from *Inwood*, and further stated that a product feature is functional and cannot serve as a trademark "if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." 115 S. Ct. at 1304.

Thus, the Supreme Court's "competitive need" standard for functionality makes an accused infringer's functionality defense far more difficult to prove than the standard adopted by the Seventh Circuit in this case. As discussed further at § III.A, *infra* at pp. 14-15, the Seventh Circuit's new standard is tantamount to a holding that a feature is legally functional if it simply serves a function - which contradicts extensive authority.

Nor do the four decisions of the Supreme Court cited by the Seventh and Tenth Circuits support ignoring the overall appearance of T&B's cable tie and focusing instead on individual features. Indeed, *Two Pesos*, relied upon by the Seventh Circuit, said the very opposite, referring to trade dress in the context of "total image" and "overall appearance." *Two Pesos*, 112 S. Ct. at 2755 n.1.[13] Yet the Seventh Circuit requires under its new "more stringent" standard that claimants must establish not only that their trade dress has secondary meaning, but also *that the secondary meaning be specifically attributable to nonfunctional features*. Disregarding findings that T&B's overall product configuration had acquired secondary meaning, the Seventh Circuit held that "in order to establish that its *product feature* [not the overall configuration] possesses secondary meaning, T&B must prove that in the minds of consumers the primary significance *of the oval head* [the feature found nonfunctional] is to identify the TY-RAP as a T&B product." 17a (emphasis added).

---

[12] The Lanham Act defines "trademark" in terms of "any word, name, symbol, or device, or combination thereof. . . . " 15 U.S.C. § 1127. "The language of the Lanham Act describes that universe [of things that can qualify as a trademark] in the broadest of terms." *Qualitex*, 115 S. Ct. at 1302.

The Seventh Circuit has erected a new standard in Lanham Act product configuration cases that clearly is "more stringent" than any standard ever suggested by the Supreme Court or by any other court except the Tenth Circuit. By applying this new "more stringent" standard, which actually finds no support in Supreme Court decisions, the Seventh Circuit has deemed "worthless" evidence which would have been treated as highly probative by other courts under well-established precedent. 17a-20a.

---

[13] *See also Estate of P.D. Beckwith v. Comm'r of Patents*, 252 U.S. 538, 545-46 (1920) ("The commercial impression of a trademark is derived from it as a whole, not from its elements separated and considered in detail. For this reason, it should be considered in its entirety. . . . ")

III. Certiorari Should Be Granted Because The Seventh Circuit's "Primary Significance" Standard, Which Requires That A Feature Serve "Exclusively As A Signifier Of Source," Conflicts With Well-Established Authority

A. The Seventh Circuit's Equating Of Utility With Legal Functionality Conflicts With Decisions Of The Supreme Court And Other Circuits

As part of its "primary significance" standard, the Seventh Circuit held that a product feature is barred from protection under the Lanham Act unless it functions "exclusively as a signifier of source," 6a. In the Seventh Circuit's view, if a product feature has "value to consumers [which] is intrinsic" or "contributes to the inherent appeal of the product," barring competitors from duplicating that feature would unduly hinder competition. *Id.* This dramatic change in the standard for functionality conflicts not only with the Supreme Court's *Inwood* and *Qualitex* decisions, but with other circuits as well.

For many years, the Federal Circuit and its predecessor, the Court of Customs and Patent Appeals, have made clear the distinction between "*de facto*" functionality and "*de jure*" functionality. A product or feature is "*de facto*" functional where (in the lay sense) the product or feature has some function or utility. But the product or feature is not barred from protectability unless it is "*de jure*" functional, *i.e.*, the inability of a competitor to use the feature would impede the ability of the competitor to compete effectively. *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1530-31 (Fed. Cir. 1994), *cert. denied*, 115 S. Ct. 1426 (1995); *In re R.M. Smith, Inc.*, 734 F.2d 1482, 1484 (Fed. Cir. 1994), *cert. denied*, 115 S. Ct. 1426 (1995); *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 1338-1341 (C.C.P.A. 1982). The Second Circuit agrees. *See Brandir*

Int'l, Inc. v. Cascade Pacific Lumber Co., 834 F.2d 1142, 1148 (2d Cir. 1987) (fact that feature performs a function does not make feature functional).

Other authorities are in accord. They recognize that a product feature is not barred from protection under the trademark laws merely because it has a function. *See, e.g.*, Restatement (Third) Of Unfair Competition, § 17, Comment b at p. 178 (1995) ("the utility of a design feature does not in itself justify a finding of functionality").

In concluding that a product feature should be barred from protection merely because it "contributes to the inherent appeal of the product" or has "value to consumers [which] is intrinsic," the Seventh Circuit has in effect disqualified product features from protection under the Lanham Act merely if they are "*de facto*" functional, without inquiring as to whether the features are "*de jure*" functional, *i.e.*, necessary for effective competition. By dramatically changing the standard for functionality, the Seventh Circuit not only departs from decisions of the Supreme Court and other authorities. It creates an almost insurmountable standard under which virtually all claimants for product configuration trade dress protection will be barred from protection, since it is unlikely that a product feature will neither "contribute[ ] to the inherent appeal of the product" nor have "value to consumers [which] is intrinsic."

B. The Seventh Circuit's "More Stringent" Test Mixes Secondary Meaning And Utility And Treats Them As Mutually Exclusive

There is another aspect of the Seventh Circuit's new "primary significance" test which conflicts with the law of other circuits: the mixing of the functionality and secondary meaning inquiries and the view that source identification and usefulness are mutually exclusive.

As previously discussed, the Seventh Circuit said, "The issue is not the primary meaning to consumers of a particular signifier, but is instead whether a product feature's primary significance to consumers is as an identifier of source *or* as an element which contributes to the inherent appeal of the product." 9a (emphasis added). The Seventh Circuit thus treats secondary meaning (*i.e.*, identification of source) and usefulness (inherent appeal) as mutually exclusive, such that if a product feature contributes to the inherent appeal of the product, it cannot have significance to consumers as an identifier of source. This analysis is flawed.

Secondary meaning and usefulness are *not* mutually exclusive. They are different attributes which may and often do have little to do with each other. Almost all product features have at least some usefulness or function; that is why they are included in a product. But some of these features may develop secondary meaning (*i.e.*, indicate source) notwithstanding the level of usefulness.

For example, the hole in a LIFESAVER candy may serve the useful purpose of exposing more candy surface to the taste buds, but at the same time, the hole is a powerful signifier of origin. The LIFESAVER product configuration has been recognized as protectable trade dress. *Nabisco Brands, Inc. v. Conusa Corp.*, 722 F. Supp. 1287 (M.D.N.C.), *aff'd mem.*, 892 F.2d 74 (4th Cir. 1989).

Or consider the famous fluted COCA-COLA bottle (discussed further in § V, *infra* at pp. 26-27). The fluting serves a function: it makes the bottle easier to grip when it is cold and wet. But as aptly demonstrated by the successful presence of numerous bottles for competitive beverages, the fluting is not necessary for effective competition and is not legally functional. However, the question of secondary meaning is a separate issue: while the fluted COCA-COLA bottle may have had little trademark significance when first introduced decades ago, it has a strong secondary meaning today.

Product features are analyzed along a "utility" continuum, ranging from the rare product feature which has no utility at all, to product features which are useful and desirable, to product features which are legally functional, *i.e.*, necessary for effective competition. But product features are also analyzed along a *separate* source-identification continuum (as are word trademarks), ranging from features having no source significance (similar to generic terms like ASPIRIN), to features which have no source-identification significance at the outset but which may acquire secondary meaning (similar to geographically descriptive trademarks like EASTERN Airlines), to inherent distinctiveness (similar to arbitrary trademarks like KODAK).

The fact that a product feature is useful tells us nothing about whether the feature indicates source of origin to consumers. It makes no sense to ask (as the Seventh Circuit did in this case) whether a feature "primarily" serves as a source of origin *or* as an element which contributes to the product's appeal – as though a feature could not do both. Clearly, a given product feature, such as the hole in the LIFESAVER candy or the fluting on the COCA-COLA bottle, can and often does do both. Secondary meaning and functionality should be analyzed *separately*, as the district court did in this case; and if trade dress is found to be distinctive and not legally functional, it is entitled to protection under the Lanham Act.

The Seventh Circuit's belief that a product feature cannot signify origin *and* serve a useful purpose conflicts with *Fabrication Ent., Inc. v. Hygenic Corp.*, 64 F.3d 53 (2d Cir. 1995), which begins by stating, "The design of a product may serve at least two purposes. It may identify the source of the product, *and* it can serve a utilitarian purpose." *Id.* at 55 (emphasis added). In reversing the district court's summary judgment that the asserted trade dress was functional, the Second Circuit stated:

> The District Court began and ended its analysis with determining whether the feature is important to the usefulness of the item. The approach does not appear to acknowledge the possibility that *a useful product feature may serve both source-identifying and utilitarian ends* and that the competitive benefits of protecting the source-identifying aspects of the feature under the Lanham Act may outweigh the competitive costs of precluding competitors from using the feature.

Id. at 59 (emphasis added).

Still further, the Seventh Circuit's mixing and intertwining of the secondary meaning and functionality inquiries also conflicts with *Keene Corp. v. Paraflex Ind., Inc.*, 653 F.2d 822, 827 (3d Cir. 1981), which stated, "The courts have generally treated the issue of functionality, including aesthetic functionality, as a separate consideration from secondary meaning." Similarly, in *Morton-Norwich,* 671 F.2d at 1343, the Federal Circuit's predecessor cautioned that the issues of distinctiveness and functionality must "be kept separate from one another."

C. The Seventh Circuit's "More Stringent" Standard Caused The Court To Erroneously Disregard The Effect Of Years Of Substantial Advertising

The Seventh Circuit's view that secondary meaning and usefulness are mutually exclusive manifested itself most clearly in its treatment of T&B's advertising. Proving secondary meaning through advertising is well-established. *See, e.g., Readers Digest Ass'n, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 804-05 (D.C. Cir. 1987). The district court found that T&B had engaged in substantial advertising which prominently featured pictures of T&B's cable tie, and had also used large models at trade shows. *See, e.g.*, 31a ¶13, 37a ¶43. It recognized that T&B's

advertising did not expressly direct attention to the feature found to be non-functional, *i.e.*, the oval-shaped head. 60a n.1. Still, on the basis of this advertising, in conjunction with other categories of evidence, the district court concluded that T&B had a strong likelihood of proving secondary meaning. 61a. In reversing, the Seventh Circuit held that because certain of T&B's advertisements not only featured pictures of the product but also mentioned desirable qualities of the product, the advertising not only failed to support a finding of secondary meaning, it undermined such a finding. *Id.*

The Seventh Circuit's dismissal of evidence of secondary meaning because it showed that a product feature was also useful conflicts with other authority and is flawed. As discussed above, the fact that a product feature has useful and desirable benefits does not mean that feature cannot also serve to indicate origin. Nor does the presence of utility mean that a product feature is legally functional; on the contrary, trade dress is functional only where the benefits of the design "are important to effective competition . . . and . . . are not practically available through the use of alternative designs." Restatement (Third) Of Unfair Competition, § 17 (1995).

Moreover, the Seventh Circuit also held that T&B's 30 years of advertising should be disregarded because it did not explicitly call attention to the oval-shaped head. 17a-18a. This conclusion directly conflicts with the Federal Circuit on this specific question. In *Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572 (Fed. Cir. 1988), *aff'g* 231 U.S.P.Q. (BNA) 926 (T.T.A.B. 1986), the Federal Circuit affirmed the reliance on eight years of advertising to show secondary meaning in a guitar head. The ads in *Yamaha* included complete pictures of the product with the guitar head prominent and visible, but did not include ad copy explicitly drawing attention to the head or stressing its source-identifying significance. The Seventh Circuit's treatment of advertising evidence under its "more stringent" standard of "primary significance" is irreconcilable with the Federal Circuit's decision in *Yamaha* – and ignores commercial reality.

IV. Certiorari Should Be Granted To Resolve The Conflict Among The Circuits As To Whether, In A Product Configuration Trade Dress Case, The Claimant Must Show That The Secondary Meaning Is Specifically Associated With Nonfunctional Features

As part of its "more stringent" standard of "primary significance," the Seventh Circuit further commingled the secondary meaning and functionality inquiries by insisting that the secondary meaning be attributable solely to the nonfunctional feature – in this case, the oval-shaped head. The Seventh Circuit is thus in conflict with numerous courts which have held that trade dress consists of the *total image* and *overall appearance* of a product, and may be protectable when some (or even all) individual features are legally functional, and even if *none* of its individual features have separately become distinctive. Also, the Seventh Circuit's conclusion – that the same individual feature which was nonfunctional had to be responsible for secondary meaning in order for T&B to have protectable rights – squarely conflicts with the Third Circuit.

A. A Product Configuration May Be Protectable Even When Its Individual Features Are Unprotectable

In applying its "more stringent" standard to discard T&B's survey evidence as "worthless" because it did not focus on the nonfunctional feature, the Seventh Circuit placed itself in conflict with at least five circuits which recognize that trade dress in an overall configuration may be protected *even if some (or even all) of the individual features are functional.*

- The Third Circuit, in *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136 (3d Cir. 1986), stated that "one may have a protectable interest in a combination of features or elements that includes one or more functional features." *Id.* at 1143. It observed that "virtually every product is a combination of functional and non-functional features and a rule denying protection to any combination of features including a functional one would emasculate the law of trade dress infringement." *Id.* The Third Circuit also explained that once the plaintiffs established that their *overall combination of elements had acquired secondary meaning,* the defendant "could be required to select alternative non-functional features and utilize imitated functional ones in such a way as to avoid confusion as to source if that is feasible." *Id.* at 1143-44.[14]

- The Second Circuit, in *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71 (2d Cir. 1985), has stated that breaking a plaintiff's trade dress into individual elements and attacking certain of those elements as functional "misconceives the scope of the appropriate inquiry." *Id.* at 76. Instead, the court affirmed a finding that the product configuration "in its entirety" was nonfunctional. *Id.*

- The Fifth Circuit, in *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991), *aff'd sub nom Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753 (1992), concluded that the defendant's argument that a combination of functional and nonfunctional features is itself unprotectable, was based on a "fallacious syllogism" that because functional elements do not enjoy protection, the plaintiff's overall trade dress which includes functional elements does not enjoy protection. On the contrary, it concluded that even "a particular arbitrary combination of functional features, the combination of which is not itself functional, properly enjoys protection." *Taco Cabana*, 932 F.2d at 1119.

---

[14] The district court did precisely that in this case, *see* 82a.

- The Ninth Circuit, in *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 842 (9th Cir. 1987), explained, "We examine trade dress *as a whole* to determine its functionality . . . ; *functional elements that are separately unprotectable can be protected together as part of a trade dress*. . . . In other words, our inquiry is not addressed to whether individual elements of the trade dress fall within the definition of functionality, but to whether the whole collection of elements taken together are functional." *Id.* at 842 (emphasis added; citations omitted).

- The Eleventh Circuit, in *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966 (11th Cir. 1983), recognized that many of the features in the asserted trade dress were functional and concluded that a reasonable jury could still find that some features were primarily nonfunctional. While the defendant was free to copy the functional features, the jury could have reasonably concluded that the defendant infringed the plaintiff's trade dress when it produced and marketed a virtually identical *product*, thereby creating a likelihood of confusion between the overall trade dress of the competing products. *Id.* at 983-84.

Commentators also agree that a combination of functional elements may be protectable. *See, e.g.*, the recently issued Restatement (Third) Of Unfair Competition (1995), § 17, Comment b at p. 174:

> When the matter claimed as a trademark consists of the overall design of a product or its packaging, or the design of a combination or arrangement of features, eligibility for trademark protection is determined by the functionality of the claimed design as a whole. The

> fact that the overall design or combination contains individual features that are themselves functional does not preclude protection for the composite. The issue is whether trademark protection should be recognized in the particular combination or arrangement of features, and the functionality of the combination or arrangement as a whole is determinative.

See also 1 McCarthy On Trademarks, § 7.26[3][f] at 7-140 (3d ed. 1995).

Moreover, just as courts and commentators have recognized that a product configuration may be *nonfunctional* even if no individual feature of the product is nonfunctional, the Second and Third Circuits have recognized an overall product configuration may be *distinctive* (*e.g.*, by virtue of acquiring secondary meaning) even if no individual feature is distinctive. *Jeffrey Millstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995); *Duraco*, 40 F.3d at 1439.

B. Functional Features May Be Responsible For Secondary Meaning

Thus, courts (except the Federal Circuit) had long recognized that trade dress in the overall configuration of a product can be protectable and nonfunctional even if some (or even all) of its features are functional, and can acquire secondary meaning even where no individual feature has separately acquired secondary meaning. But the Seventh Circuit disregarded this law. *See* § IV.A, *supra* at pp. 20-23. And its requirement that T&B show that *the same feature* which was nonfunctional had *also* acquired secondary meaning also placed it in direct conflict with the Third Circuit.

In *American Greetings, supra,* the district court held that the overall appearance of plaintiff's products had acquired secondary meaning, even though the most prominent and distinctive feature was functional. 807

F.2d at 1139. The defendant had urged (like the Seventh Circuit held here) that the plaintiff show that the secondary meaning arose solely from the nonfunctional features. The Third Circuit rejected this argument, stating:

> [A] plaintiff in a case of this kind should not be required to show that the secondary meaning arises solely from non-functional features. Such a requirement would be difficult, if not impossible, to satisfy.

Id. at 1144.

In the present case, where – as in *American Greetings* and virtually all product configuration cases – the trade dress at issue included both functional and nonfunctional features, the Seventh Circuit required T&B to demonstrate that the secondary meaning was specifically attributable to the nonfunctional oval-shaped head. The Seventh Circuit thus held that T&B's survey evidence of secondary meaning relating to the overall product was "worthless" because T&B did not establish that the secondary meaning was specifically associated with the oval-shaped head of T&B's cable tie. As the court stated, "The fatal problem with the survey is that it did not separate the allegedly protectable trade dress, the oval head, from the clearly non-protectable elements, the metal barb and slot." 20a. Citing *Textron, Inc. v. U.S. Int'l Trade Comm'n,* 753 F.2d 1019, 1027 (Fed. Cir. 1985), the Seventh Circuit stated, "A survey which asks consumers to identify the source of a product based on its overall configuration when most of the product's configuration is functional is worthless in determining whether a particular product feature has acquired secondary meaning." 20a.

Textron involved a claim that a certain milling machine was entitled to trade dress protection. Two features of the machine were considered nonfunctional, but most of the features were deemed to be primarily functional or at least *prima facie* functional. Contrary to the Second, Third, Fifth, Ninth and Eleventh Circuits (*see*

§ IV.A, *supra* at pp. 20-22), the Federal Circuit first stated, "The case law of this court and of its predecessor also establishes that before an overall product configuration can be recognized as a trademark, the **entire** design must be arbitrary or non *de jure* functional." *Textron*, 753 F.2d at 1025 (emphasis in original). Using that standard, it held that the overall configuration of Textron's machine was functional. It also held that only the "column" and "ram" features were nonfunctional, and therefore only those individual features were capable of receiving trademark protection. *Id.* at 1026.

Having concluded that the overall configuration was functional, the court turned then to the issue of secondary meaning, and held that Textron had not established secondary meaning because its survey was directed to the milling machine's entire configuration, which the Federal Circuit had held to be legally functional. According to the Federal Circuit, although Textron's survey showed that its milling machine *as a whole* had achieved secondary meaning, the survey failed to show that the identification of the respondent's look-alike machine as one of Textron's was *because of the particular nonfunctional features*. *Id.* at 1027.

Thus, in direct conflict with the Third Circuit's view that secondary meaning need not arise solely from nonfunctional features, the Seventh Circuit (relying on *Textron*) ruled that T&B's survey was irrelevant because it measured secondary meaning of the entire cable tie (as customers encounter it), rather than separating out the functional and nonfunctional features and proving that the secondary meaning was attributable to the nonfunctional features.

V. Certiorari Should Be Granted Because The Seventh Circuit's Decision Is Fundamentally Flawed

The Seventh Circuit's "primary significance" standard for secondary meaning is wrong. As discussed above, contrary to the law in five circuits, the Federal Circuit held in *Textron* that the combination of functional and nonfunctional features was itself functional; and from that premise, the Seventh Circuit in this case disregarded evidence showing that the overall configuration of the product had become distinctive and instead focused only on whether some individual nonfunctional feature might have become distinctive.

But if a product configuration has features which are functional (*i.e.*, necessary for effective competition) and features which are nonfunctional (*i.e.*, not necessary for effective competition), then logically, any configuration having at least one nonfunctional feature is *in the aggregate* nonfunctional, since competitors do not need the aggregate configuration including the one nonfunctional feature in order to compete effectively. If competitors needed all features in the combination to compete effectively, then all of the features would necessarily be functional. Even if a product (like T&B's cable tie) had three features, of which features 1 and 2 (the barb and the slot) were functional and only feature 3 (the oval-shaped head) was nonfunctional, the combination of features 1, 2 and 3 is still nonfunctional, since competitors do not need that complete combination of all three features in order to compete effectively. However, any injunction in such a case would have to make clear the right of competitors to use features 1 and 2 – just as the district court's injunction did in this case.

The Federal Circuit in *Textron* stated:

> We also do not hold that insignificant element(s) in an otherwise nonfunctional overall design can render that design incapable of trademark protection. Where substantially all of an overall

> design otherwise eligible for trademark protection is nonfunctional, as in such well known instances as the fluting of the glass in the Coca-Cola bottle, it should not matter that the shape of an insignificant element of the design, such as the lip of the bottle, is arguably functional. . . . We need only hold that here, where most of the product's overall design is functional, the nonfunctional components alone, rather than the overall design, are capable of being considered a trademark.

Textron, 753 F.2d at 1026-27 (citation omitted).

Textron's dicta regarding the Coca-Cola bottle actually illustrates the flaw in the Federal Circuit's reasoning. One could just as easily recognize that the Coca-Cola bottle has many other functional features, such as (1) a bottom which holds in the liquid, (2) a body which is easy to grip and wide enough to hold a quantity of liquid joined by (3) a neck which tapers to (4) a small lip which is sized to accommodate a standard bottle cap – and only one nonfunctional feature, *i.e.*, the fluting. Nonetheless, because the composite bottle has at least *one* nonfunctional feature (*i.e.*, the fluting), the bottle *as a whole* is clearly nonfunctional and clearly has acquired secondary meaning, as any survey would show. But those conclusions do not prevent competitors from using the functional features – without the nonfunctional fluting.

The Seventh Circuit standard is also unrealistic. It would require survey evidence to be gathered under circumstances unrelated to marketplace situations. *See, e.g.*, McCarthy On Trademarks, *supra*, § 32.48 ("the closer the survey methods mirror the situation in which the ordinary person would encounter the trademark, the greater the evidentiary weight of the survey results"); McKenney & Long, Federal Unfair Competition: Lanham Act § 43(a), § 8.05[2], at 8-18 (1995) ("Surveys should duplicate insofar as practicable conditions at the time of purchase"). Customers do not encounter free-standing oval-shaped heads in the marketplace; they encounter complete cable ties. Further, asking a survey participant to identify a product's source by a particular product feature is unrealistic, because people may never realize what it is about a product configuration that makes them recognize that the product comes from one source.

Furthermore, in certain circuits like the Seventh, the defendant bears the burden of proof on functionality. *See* 68a. To satisfy the Seventh Circuit's "primary significance" test, the plaintiff (who always bears the burden of proving that unregistered trade dress has secondary meaning) will have to first prove that some feature or features have secondary meaning without knowing what feature or features *the defendant* will ultimately argue and prove to be functional.

Nowhere, however, does the Seventh Circuit suggest how this newly created "Catch 22" could be resolved. However, a solution has long existed (except in *Textron* and in this case): allowing a plaintiff to prove if it can (and as T&B *did*) that the *overall configuration* of its product has secondary meaning; allowing a defendant to demonstrate if it can that one or more *features* are legally functional; and requiring that any injunction assure that the defendant may use the legally functional features. That is precisely what the district court did in this case and what other courts have done. *See, e.g., American Greetings* (discussed in § IV.A, *supra* at p. 21); *see also Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 974 (2d Cir. 1987).

VI. Certiorari Should Be Granted Because The Present Case Raises Questions Of Far-Reaching Importance

Granting certiorari in this case would answer a question that will arise again in many cases. As correctly stated in *American Greetings, supra,* "virtually every product is a combination of functional and non-functional features," 807 F.2d at 1143. The lower courts clearly need an analytical framework to properly apply and balance (i) the determination of secondary meaning, which is the very essence of whether a claimant has protectable trade dress rights under the Lanham Act, and (ii) the application of the functionality doctrine, which provides an important check on the scope of trade dress rights to assure to the public that competitors have the right to utilize essential features and are not unduly hampered in competing effectively.

Moreover, this petition raises important issues regarding competition: the importance of vigorous competition; the need to compete *effectively*; and the need to prevent competition which is *unfair*. As explained in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985), the Lanham Act was passed to secure to the owners of marks the good will of their businesses and "to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation."

In *Two Pesos*, the Supreme Court struck down a legal obstacle created by a lower court as undermining the purposes of the Lanham Act in a way which "mak[es] more difficult the identification of a producer with its product" and which "hinder[s] improving or maintaining the producer's competitive position." 112 S. Ct. at 2760. The Seventh Circuit in this case has erected another non-statutory obstacle in this case, by making it "difficult, if not impossible" to prove secondary meaning in product configuration cases (*see American Greetings*, 807 F.2d at 1144). If allowed to stand, the net result will be that defendants who deliberately copy product configurations which are distinctive and nonfunctional will be allowed to continue to victimize the owners of legitimate trade dress rights and confuse unwary customers.

◆

CONCLUSION

For the reasons set forth above, a writ of certiorari should issue to review the judgment and opinion of the Seventh Circuit.

Respectfully submitted,

SIDNEY DAVID*
ROY H. WEPNER
LERNER, DAVID, LITTENBERG,
KRUMHOLZ & MENTLIK
600 South Avenue West
Westfield, New Jersey 07090
(908) 654-5000
Attorneys for Petitioners

*Counsel of Record

Dated: January 19, 1996

APPENDIX

In the
United States Court of Appeals
For the Seventh Circuit

Nos. 94-3911 and 95-1793
THOMAS & BETTS CORPORATION and
THOMAS & BETTS HOLDINGS, INC.,

Plaintiffs-Appellees,

v.

PANDUIT CORP.,

Defendant-Appellant.

Appeal from the United States District Court for the
Northern District of Illinois, Eastern Division.
No. 94 C 2656 – **Ronald A. Guzman,** *Magistrate Judge.*

ARGUED MAY 15, 1995 – DECIDED SEPTEMBER 14, 1995

Before CUMMINGS, BAUER and ROVNER, *Circuit Judges.*

CUMMINGS, *Circuit Judge.* Panduit appeals a preliminary injunction barring it from producing cable ties with certain features disclosed in an expired patent. Because the plaintiff has not established that the features are protectable trade dress, we reverse.

Background

The combatants in this litigation are the nation's largest suppliers of cable ties, small nylon belts used to bundle wires. Cable ties, simple devices which cost pennies apiece to produce, are ubiquitous in industries which involve electronics, which is to say almost all industries; billions are sold each year.

Cable ties consist of a strap terminating at one end in a tapered tail and at the other in a head which incorporates a horizontal slit and locking mechanism. The strap is looped around the bundle of wires to be secured and the tail is inserted through the slit in the head and pulled snug – first by hand, then by a device which tightens the loop around the bundle and snips off the excess tail flush with the head of the tie. The result is a tight bundle with only the thickness of the head protruding above the strap and bundled wires. The head is made as small as possible to avoid snagging on other wires or components with which the bundle may come in contact.

Cable ties feature two types of locking mechanisms: one-piece or two-piece. In the one-piece system, a nylon pawl molded into the head of the cable tie protrudes into the horizontal slit through which the strap passes. The strap in turn incorporates, along essentially its entire length, small, closely spaced, transverse ridges or teeth. When the strap is inserted through the slit, the pawl engages the ridges on the strap like a one-way ratchet allowing the loop to be tightened around the bundle but not lengthened. Military size and strength requirements and the need to fit the nylon pawl mandate an essentially rectangular shape for the head of the one-piece cable tie. Defendant Panduit, the largest of a handful of producers of one-piece cable ties, sells its product under the trademark PAN-TY. Thomas & Betts ("T&B"), the plaintiff in this case, and several other producers also make one-piece cable ties, which like Panduit's meet military specifications and have rectangular heads [Pl. Ex. 233].[1]

In the two-piece tie, the nylon pawl is replaced by a metal barb which is inserted into the head of the tie and sits in a slot transverse to the slit for the strap. When the strap is inserted through the slit, the barb flexes into the transverse slot. When the strap is pulled taut, the tension on the strap causes the flexed barb to bite into the nylon strap and hold tight. Because the metal barb eliminates the need for teeth or ridges on the strap, the two-piece cable tie has a number of advantages, including infinite adjustability and a stronger strap. There are also disadvantages to this design, however, including the danger, real or perceived, that the metal barb may come loose and short out surrounding electronic equipment.

In 1965, T&B obtained a patent on the two-piece cable tie ("the Schwester patent"). That patent disclosed a two-piece cable tie with an oval head, metal barb and transverse slot. The top half of the slot allows for the insertion of the barb during manufacturing and the bottom half is required for the barb to flex and bite. The slot, barb and head portion are elements in each of the patent's claims. The oval shape of the head is not specifically claimed but is illustrated and described in the specifications. T&B currently markets a two-piece cable tie under the trademark TY-RAP that is essentially identical to the model disclosed in the Schwester patent. Though the Schwester patent expired in 1982 and a related patent also held by

---

[1] The head of T&B's one-piece tie has a bit of convex curvature along the top and corners with larger radii, giving it the appearance of a slightly inflated rectangle.

T&B expired in 1986, until 1993 T&B remained the sole producer of two-piece cable ties with annual sales of almost $100 million worldwide.

In 1993, Panduit entered the two-piece cable tie market with the BARB-TY, an oval-headed, metal-barbed cable tie essentially identical to T&B's TY-RAP. T&B promptly sued Panduit for trade dress infringement under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and the common law. T&B claimed that its trade dress "includes a rounded, low profile head configuration with a vertical slot which is aligned with the body of the cable tie and, in the case of Thomas & Betts' dominant product, includes a metal barb visible in the lower portion of the vertical slot." [R. 8 at 5]. T&B also brought an unfair competition claim under the same provision of the Lanham Act based on Panduit's use of the BARB-TY trademark and ancillary state law claims under the Illinois Consumer Fraud and Deceptive Business Practices Act, the Uniform Deceptive Trade Practices Act and the Illinois Anti-Dilution Act.

T&B moved for a preliminary injunction prohibiting Panduit from selling its BARB-TY. After an evidentiary hearing, the magistrate judge found in an order dated December 14, 1994, that "the transverse slot, the vertical slot, the steel barb and the tail or body" were all "functional parts" and thus not entitled to trade dress protection [Def. App. 48], but that the oval shape of the head was not functional and thus was protectable trade dress. The magistrate judge preliminarily enjoined Panduit "from further sales, advertising, promotion, or marketing of cable ties incorporating a steel barb locking mechanism with an oval shaped head and a transverse or vertical slot in the head." [Def. App. 56].

Panduit's request for a stay of the injunction was denied by both the magistrate judge and a panel of this Court. Panduit now appeals, contending that the magistrate judge erred in finding that T&B had established some likelihood of success on the merits. In reviewing the grant of a preliminary injunction we review factual findings for clear error and legal conclusions *de novo. Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1181 (7th Cir. 1989).

Discussion

A. Trade dress and the patent laws

Trademark law aims to aid consumers in identifying the source of goods by allowing producers the exclusive right to particular identifying words or symbols which they may attach to their products as a designator of source. Allowing a particular producer to monopolize a symbol in this way is no burden on competition, the theory goes,[2] because symbols are a dime a dozen. The only value of the initially arbitrary symbol comes from its association with the producer's products and the good or bad will consumers feel toward that producer based on the quality of those products. Because the symbol itself adds nothing to the product, consumer desire for products marketed with that symbol must derive solely from the belief that products bearing the mark originated with the producer for whom the consumers have developed goodwill. Therefore, the only reason a competitor would copy a mark would be to pass off his product as that of the original producer.

---

[2] See William M. Landes & Richard A. Posner, THE ECONOMICS OF TRADEMARK LAW, 78 Trademark Rep. 267 (1988).

This simple theory becomes a bit more problematic when a trademark is descriptive or has some other value apart from its associated goodwill. In such a case, a court must determine whether the mark really signifies a particular source or the product itself. Still, the dispute concerns limitations on the language competitors can use to communicate with consumers about their products and the effect such limitations would have on competition. The products themselves remain unconstrained.

Trade dress protection in the configuration of the product itself opens up another can of worms. While it is true that features of a product may serve primarily to signify its source (*e.g.*, the pink color of Owens-Corning fiberglass insulation, see *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985)), these features are still part of the product itself and may be valued by consumers as such ("I just could not sleep at night if the insulation above my head wasn't pink"). Trade dress protection only extends to the role of such features as signifier of source; when competitors are barred from duplicating features whose value to consumers is intrinsic and not exclusively as a signifier of source, competition is unduly hindered.

> [I]mitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to yield the fair

> price society must pay for a given commodity. [citations omitted].

American Safety Table Co., Inc. v. Schreiber, 269 F.2d 255, 272 (2nd Cir. 1959), certiorari denied, 361 U.S. 915. Copying is not only good, it is a federal right – a necessary complement to the patent system's grant of limited monopolies.

> Both the novelty and the nonobviousness requirements of federal patent law are grounded in the notion that concepts within the public grasp, or those so obvious that they readily could be, are the tools of creation available to all. They provide the baseline of competition upon which the patent system's incentive to creative effort depends.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 156.

The right to copy is even more robust when the copied product was previously patented but the patent has expired. In that case, the original producer has reaped his reward of a 17-year monopoly and the public has already "paid the congressionally mandated price for disclosure." *Id.* at 152.

> It is self evident that on the expiration of a patent the monopoly granted by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of a patent there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Kellogg Co. v. Nat. Biscuit Co., 305 U.S. 111, 120, quoting *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185.

On the one hand then, trademark law allows a producer to prohibit the copying of a product feature which serves as a signifier of source in order to preserve his reputation and the goodwill consumers have for his brand. On the other hand, effective competition and the penumbra of the patent laws require that competitors be able to slavishly copy the design of a successful product.

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's good slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.

Bonito Boats, 489 U.S. at 157, quoting *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2d Cir. 1917) (L. Hand, J.).

To police this distinction courts require as a prerequisite to protection that trade dress that is not inherently distinctive have acquired secondary meaning.[3] " '[S]econdary meaning' is acquired when 'in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.' " *Qualitex Co. v. Jacobson Products Co., Inc.*, 115 S. Ct. 1300, 1303, quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851 n.11. In *Inwood Laboratories*, for example, the secondary meaning question was whether the color of a pill signifies to most consumers a particular name-brand pharmaceutical or a chemical compound with particular medicinal properties.

---

[3] The magistrate judge correctly determined that T&B's oval head shape was not inherently distinctive. We therefore focus on the secondary meaning requirement. For a discussion of inherent distinctiveness in product configuration trade dress, see *Duraco Products v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3rd Cir. 1994).

The issue is slightly different in most trade dress product configuration cases, because product features, though they may identify the source of the product, do not really identify the product – they are the product. See *Duraco Products*, 40 F.3d at 1431, 1440-1441. The issue is not the primary meaning to consumers of a particular signifier, but is instead whether a product feature's primary significance to consumers is as an identifier of source or as an element which contributes to the inherent appeal of the product. See *Kellogg*, 305 U.S. at 120 (denying trademark protection to "pillow shape" of shredded wheat: "a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer.").

It is not enough that the consumers associate the form of the product with a particular producer. Such an association is inevitable when the first comer is the exclusive producer under a patent. Consumers must also care that the product comes from a particular producer (though they need not be able to identify him) and must desire the product with the particular feature because it signifies that producer. This Court articulated the requirement admirably in a state law unfair competition case brought by the first producer of jeweled "brodie knobs":[4]

> Sinko created a desire on the part of the public for one of two things, either for knobs made by Sinko, above all other knob makers, or for knobs made in a particular manner regardless of who made them. If it is the first situation, the law of unfair competition gives Sinko the right to monopolize or to exclude other makers from copying the product. If it is the latter situation, Sinko receives no such right to monopolize even though he might have been the first to make the article in the particularly desirable manner.

Sinko v. Snow-Graggs Corp., 105 F.2d 450, 453 (1939).

Even if a product feature has acquired secondary meaning, as described above, the doctrine of functionality bars its protection as trade dress if the "feature is one that is costly to design around or do without, rather than one that is costly to have." *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176 (7th Cir. 1989).

Panduit contends that even if a product feature has acquired secondary meaning and is non-functional, it still cannot be protected trade dress if it was disclosed in an expired patent. Language in *Scott Paper Co. v. Marcalus Co.*, 326 U.S. 249, 256, supports its claim:

---

[4] "Brodie knobs," also called "suicide knobs," were small spinning knobs that enabled people to spin an automobile steering wheel with one hand. Needless to say this was not the safest way to drive a car and many states have since outlawed the knobs.

> By the force of the patent laws not only is the invention of a patent dedicated to the public upon its expiration, but the public thereby becomes entitled to share in the good will which the patentee has built up in the patented article or product through the enjoyment of his patent monopoly. Hence we have held that the patentee may not exclude the public from participating in that good will or secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent, whether or not such matter describes essential elements of the invention or claims.

Since the oval head was disclosed in the specification and drawing of the expired Schwester patent, Panduit wins, or so it says. Though references to trademark law in *Scott Paper* are dicta since that case involved assignor estoppel, not trademarks, Panduit may be right. A recent Tenth Circuit case comes close to adopting Panduit's proposed rule. *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 1995 WL 393198, 35 U.S.P.Q.2d 1332 (10th Cir. 1995), held that "where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, see 35 U.S.C. Section 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional." *Id.* at 1342.

Vornado claimed trade dress protection for its spiral grill design. The spiral grill was also one element in a claim in a still valid utility patent. The patent specifications claimed that the spiral grill produced optimal air flow when in fact it made no real difference – as Vornado argued somewhat inconsistently in seeking trade dress protection. Because the air flow was not superior to a standard radial grill, the district court found the grill design to be non-functional and protectable trade dress. The Tenth Circuit reversed.

The present case is distinguishable from *Vornado* but it is not clear that the differences dictate a different result. The oval shape of the cable tie head was not specifically claimed in the Schwester patent, a point that T&B makes much of, while the spiral grill was a required element in at least one of the claims in the patent at issue in *Vornado*. Therefore, one could infringe T&B's patent without infringing its trade dress while any product which infringed the Vornado patent (at least the claim in which the spiral grill was an element) would also infringe its claimed trade dress.

Whether or not a feature is claimed is not necessarily, however, a good indicator of its relative importance to the invention as a whole. Additional elements in a claim narrow the scope of the patentee's monopoly since an infringing invention must contain each element of a claim or its equivalent. *Lemelson v. United States*, 752 F.2d 1538, 1551 (Fed. Cir. 1985). Therefore, a patent applicant seeks to draw his claims as broadly as possible with as few specific elements as he can get away with. The fact that Vornado included the spiral grill as an element of a claim likely means that it could not have received a patent on the rest of the invention without including the spiral grill limitation – not that the spiral grill itself was a "significant inventive aspect." This is particularly true in *Vornado* where the spiral grill itself was not independently claimed (that is why Duracraft's fan did not infringe the still valid patent) because it was disclosed in the prior art.

Likewise, the fact that the Schwester patent includes the cable tie head as a required element without claiming a particular shape means that T&B was able to obtain a broader monopoly, *i.e.*, they were able to exclude competitors from making metal barbed cable ties with any head shape. There is no reason, therefore, to infer from its absence as an element in a claim that the shape of the head is any less important to the two-piece cable tie than the spiral grill is to Vornado's fan. All one can infer is that because it was not separately claimed, the shape of the head, like the spiral grill, was not independently patentable.

The focus on what is or is not claimed is misguided for another more fundamental reason. In the patent "bargain," the claims define what the patentee receives, the "metes and bounds" from which he can exclude competitors. What the public receives is the entire invention as disclosed in the claims but primarily in the patent specifications which are required to "contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention." 35 U.S.C. § 112.

The present case, however, does not require that we pass on the correctness of *Vornado* or Panduit's broader claim. On this record, T&B has failed to clear the initial hurdle of establishing that the TY-RAP's oval-shaped head is protectable trade dress.

B. The magistrate judge's decision

Underlying the magistrate judge's analysis is the erroneous belief that Panduit's copying is in itself a wrong.[5] In deciding unfair competition cases, "[o]ur natural inclination to disapprove of such conduct must give way to the public policy favoring competition, even by slavish copying." *Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822 (3rd Cir. 1981).

More important, the magistrate judge did not distinguish between goodwill toward the producer – all that trade dress law protects – and goodwill toward the article – "the attractive features, of whatever nature, that the product holds for consumers" – which is freely appropriable by second comers. *Versa Products Co., Inc. v. Bifold Co. (Mfg.) Ltd.*, 50 F.3d 189, 215 (3rd Cir. 1995). Although we have concerns about the judge's findings on nonfunctionality[6] and likelihood of confusion,[7] we will focus our analysis on secondary meaning.

---

[5] The following passage illustrates this problem: "Panduit could have, as did Mr. Lazar, designed a different, possibly more efficient head shape with a transverse slot and then gone on to utilize the teachings of the patent and the method of manufacturing which lends itself to those teachings. It made no effort whatsoever to do so. . . . Instead it intentionally copied, not only the teachings of the Thomas & Betts patents, but virtually every aspect of Thomas & Betts's entire line of steel barbed cable ties and then, to make matters worse, it chose a name for its product which, because it is descriptive of a quality of all steel barbed cable ties, will increase the possibility of confusing the two products." [Def. App. 48-49].

---

[6] In finding that Panduit did not establish that the oval shape was functional, the magistrate judge stated that "[a]lthough the oval shaped head contributes to the functionality of the product because it avoids sharp corners, is smooth and not likely to snag and uses less material than some of the other proposed shapes, it is not the only or even the optimum design." [Def. App. 46]. This evaluation is in tension with applicable case law. To establish functionality a junior user need not prove that the copied feature was optimal. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1189 (7th Cir. 1989). He need only establish that the copied feature is " 'at least one, of a few superior designs for its *de facto* purpose.' " *W.T. Rogers Co., Inc. v. Keene*, 778 F.2d 334, 340 (7th Cir. 1985), quoting *In re Bose Corp.*, 772 F.2d 866, 872 (Fed. Cir. 1985). T&B's own marketing director testified that all cable ties on the market have either oval or rectangular heads. [Tr. 61]. See *Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822, 827 (3rd Cir. 1981) (upholding a finding of functionality where shape of outdoor wall-mounted luminaire was one of twelve or fifteen on the market).

In finding that alternate shapes were available the magistrate judge relied on the testimony of T&B's expert, Lazar. He exhibited drawings of 14 alternative head designs including pentagons, hexagons, trapezoids, etc., claiming that all could be made as strong and light as an oval head and would meet military specifications. In fact, as they were drawn, none of these designs was functional. [Tr. 381].

In any event whether one could draw or even produce cable ties with all these different head shapes is irrelevant, because the issue is whether or not one could "compete effectively" selling such cable ties. *Schwinn*, 870 F.2d at 1190. Neither T&B nor Lazar's former employer, Burndy, ever successfully marketed a cable tie with anything but a rectangular or an oval head.

In concluding that T&B "had established a strong likelihood of success in proving secondary meaning in spite of the fact that the trade dress consists largely of a simple geometric configuration" [Def. App. 34-35], the magistrate judge defined secondary meaning "as an association in the mind of the consumer between the trade dress of a product and a particular source." [Def. App.

---

[7] The magistrate judge properly found that there was little or no likelihood of confusion between Panduit's BARB-TY and T&B's TY-RAP when purchased in bulk, because most bulk sales are arranged directly with the producer through written quotes. These purchases account for about 60% by number and 35% by dollar of cable tie sales.

Most of the remaining sales involve smaller quantities purchased through electrical distributors. These smaller packages of cable ties are usually stocked on a point of sale display and both the display and the package are prominently labeled with the producer's name, logo and corporate color. In dismissing the effect of this distinctive packaging, the magistrate judge concentrated on hypotheticals in which an electrical contractor or assistant either orders cable ties by describing them over the phone or by identifying them through the clear package without looking at the brand name or color on the top of the package. It is likely that consumers who would purchase in this manner would do so because they want an oval-headed two-piece cable tie and do not care who the manufacturer is, in which case unfair competition law has nothing to say. If consumers do care what brand they get and want the one they have been using for 30 years, the likelihood that they would be unable to remember or ask for "the one in the blue package" does not justify enjoining a competing product. *August Storck K.G. v. Nabisco, Inc.*, 55 F.3d 1300, 1302 (7th Cir. 1995) (finding that the mere "possibility" of confusion does not justify a restriction on competition).

33]. This is not the proper legal standard.[8] As discussed above, in order to establish that its product feature possesses secondary meaning, T&B must prove that in the minds of consumers the primary significance of the oval head is to identify the TY-RAP as a T&B product. None of the evidence upon which the magistrate judge relied – T&B's advertising, T&B's consumer survey, Panduit's deliberate copying and Panduit's reference to the product's "classic design" – supports a finding of secondary meaning when the proper standard is considered. While we appreciate the magistrate judge's characteristically thorough and thoughtful work, we nevertheless hold that his conclusion was thus clearly erroneous.

1. T&B's advertising

The magistrate judge considered T&B's "substantial advertising with pictures of its product as well as large models used in trade shows" [Def. App. 33] as substantial evidence of secondary meaning even though "the advertising has not been directed specifically at calling the consumers attention to the oval shape of the TY-RAP heads." [Def. App. 33 n. 1].

---

[8] Although this formulation has appeared in prior cases from this Circuit, *e.g.*, *Vaughan Mfg. Co. v. Brikam Intern., Inc.*, 814 F.2d 346, 348 (7th Cir. 1987), as the Tenth Circuit noted in *Vornado*, 1995 WL 393198 n. 7, the Supreme Court has made clear that the more stringent "primary significance" standard is the correct one. See *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1303; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2756 n. 4; *Inwood Laboratories, Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11; *Kellogg Co. v. Nat. Biscuit Co.*, 305 U.S. 111, 118.

Advertising which encourages consumers to identify the claimed trade dress with the particular producer ("look for the oval head") is some evidence of secondary meaning. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987). If a good deal of such advertising is done, the presumption is that at least some of it will take and some consumers will make the suggested connection. But as the magistrate judge noted, T&B's TY-RAP advertising never took this form. T&B's own product manager testified that to his knowledge the oval head shape was never advertised as a way to identify T&B TY-RAPS. [Tr. 149].[9]

Advertising that touts a product feature for its desirable qualities and not primarily as a way to distinguish the producer's brand is not only not evidence that the feature has acquired secondary meaning, it directly undermines such a finding. It supports instead the inference that consumers consider the claimed trade dress a desirable feature of the product and not primarily a signifier of source. To the extent T&B's advertising drew attention to the oval head shape at all, the proposed associations were of the latter type. T&B's merchandise rack includes a sign with an enlarged picture of TY-RAP's head next to which large letters proclaim "The Grip of Steel." Underneath, in smaller type, three bullets all draw attention to the functional advantages of the product:

---

[9] Advertising a product feature as a source identifier was not unknown to T&B. In an earlier advertising campaign for a different product, T&B called attention to the product's striped tail as a way to identify the source, using the phrase "look for the tiger stripes on the tail" in its advertising. [Tr. 148].

"Proprietary stainless steel barb molded into head giving superior strength and durability; Low profile head – won't snag looks good; Smooth body prevents breakage problems." [D. Ex. 77]. Similarly, T&B's trade show display includes the claim: "Low profile rounded head . . . won't snag." [Pl. Ex. 192]. To the extent this advertising draws attention to the head shape at all, as opposed to the clearly functional barbed locking mechanism, it is only to tout claimed functional and aesthetic advantages.

2. T&B's customer survey

T&B commissioned a survey to establish secondary meaning and likelihood of confusion. Posing as customers, the interviewers visited 154 electric supply retailers in 15 cities and asked the salespeople if they could identify the brand of a cable tie. Each salesperson was shown one of five different cable ties: 1) a T&B TY-RAP, 2) a T&B TY-RAP with the T&B logo removed, 3) a Panduit BARB-TY, 4) a Panduit BARB-TY with the Panduit logo removed, and 5) a one-piece cable tie manufactured by a company named GB.

Not surprisingly the survey concluded that the T&B TY-RAP had "developed a high level of secondary meaning" because 87% of the salespeople identified it as a T&B product and 43% of the salespeople identified it as a T&B product even with the T&B logo removed.[10] The magistrate judge credited this survey as additional evidence that the T&B's oval head shape had acquired secondary meaning.

---

[10] Military specifications require that the identity of the manufacturer be displayed on each cable tie. Therefore, on all T&B and Panduit cable ties, the corporate logo is embossed on the strap just beneath the head.

The fatal problem with the survey is that it did not separate the allegedly protectable trade dress, the oval head, from the clearly non-protectable elements, the metal barb and slot. When salespersons were queried as to how they identified the T&B TY-RAP, "as one would expect when salespeople are confronted with customers asking about a cable tie with a metal clip, their first response was to mention the metal clip." [Consumer survey at 11, Pl. App. 697]. A survey which asks consumers to identify the source of a product based on its overall configuration when most of the product's configuration is functional is worthless in determining whether a particular product feature has acquired secondary meaning. See *Textron, Inc. v. U.S. Intern. Trade Comm'n*, 753 F.2d 1019, 1027 (Fed. Cir. 1985).

3. Panduit's copying

To bolster his conclusion that the oval head possessed secondary meaning, the magistrate judge found that "the evidence is undisputed that [Panduit] intentionally copied the entire line of plaintiff's TY-RAP cable ties because of the advantages this product enjoyed." [Def. App. 34]. Far from supporting a finding of secondary meaning, this conclusion explicitly undermines it. Copying is only evidence of secondary meaning if the defendant's intent in copying is to confuse consumers and pass off his product as the plaintiff's. In that situation, the defendant's belief that plaintiff's trade dress has acquired secondary meaning – so that his copying will indeed facilitate his passing off – is some evidence that the trade dress actually has acquired secondary meaning. See *Blau Plumbing, Inc. v. S.O.S. Fix-it, Inc.*, 781 F.2d 604, 611 (7th Cir. 1986). But "evidence of intent is often ambiguous," *id.*, and this is particularly true where the product itself is copied. "[T]he copier may very well be exploiting a particularly desirable feature, rather than seeking to confuse consumers as to the source." *Duraco*, 40 F.3d at 1453. The magistrate judge found that Panduit copied T&B's TY-RAP knowing that it was a successful product and seeking a piece of the market for cable ties with particular features which consumers desire and have become accustomed to, *i.e.*, oval heads and metal barbs. This copying of the "advantages that this product enjoyed" does not support an inference that any of the copied features possessed secondary meaning.[11]

Indeed, the record is devoid of evidence that Panduit intended to pass off the BARB-TY as T&B's product. Panduit's marketing of its BARB-TY does not suggest an attempt to pass off, but rather to distinguish the BARB-TY as a new entry in the two-piece cable tie market. Panduit's point of sale packages not only include the Panduit logo and green corporate color but also a bright yellow, black and red sticker prominently displayed on the clear plastic package that reads: "Using a nylon tie with a metal barb? Try the superior one . . . BARB-TY from Panduit."

---

[11] By "advantages" the magistrate judge could, we suppose, have been referring to a reputational advantage of T&B rather than the product's own attractive features. But there is no indication that is what he meant and no evidence in the record indicates that Panduit in fact suffers any reputational disadvantage, compared with T&B.

4. "Classic design"

The magistrate judge also considered probative Panduit's reference to the T&B TY-RAP as a "classic design" for the product. [Def. App. 34]. That Panduit copied the TY-RAP because the company considered it a classic design for a two-piece cable tie does not support a finding of secondary meaning, however. The purpose of trademark law is not to protect product designs, "classic" or otherwise. What the magistrate judge appears to have been intent on preventing was "not the loss of an identifying mark but the loss of a competitive advantage stemming from the exclusive possession of a popular design." Trademark law offers no such protection. *W.T. Rogers Co., Inc. v. Keene,* 778 F.2d 334, 348 (7th Cir. 1985).

5. Other evidence

Considerable additional evidence in the record which the magistrate judge did not consider also weighs against a finding of secondary meaning in the oval shape of the TY-RAP's head. T&B's product manager testified that the oval shape of the TY-RAP's head was chosen not as a way to identify it as a T&B product but because the rounded head would help prevent snagging, would not cut installers' hands and looked better. [Tr. 129-130].

Also undermining T&B's claim of secondary meaning was testimony by T&B's product manager and its marketing director concerning the development of T&B's one-piece cable tie. Both testified that T&B chose a square head for its one-piece tie to distinguish it from the TY-RAP, because some customers prefer round heads and some square and the company wanted to meet both needs. [Tr. 54, 129, 132-133]. This testimony both undermines T&B's contention that the oval head shape is a universal T&B symbol and establishes that consumers value the cable tie's head shape apart from its possible role as a signifier of source.[12]

Finally, T&B's marketing director testified that all cable ties have either oval or square heads, with slight variations [Tr. 61]. This general uniformity makes it quite unlikely that consumers who care which brand of cable tie they are purchasing (and as we have said, they are the only ones at whom trademark and unfair competition law is aimed) would rely on the shape of the head in identifying the brand.

---

[12] T&B claims that it chose an oval shape for the TY-RAP's head for continuity with its earlier "twist locking cable tie." [Pl. Br. 2-3]. Though it is inconsistent with the testimony of T&B's product manager, an earlier panel of this Court accepted this argument in denying Panduit's request for a stay, stating that T&B's "use of an oval design long before it sought a patent on the two-piece cable tie supports" the magistrate's finding of secondary meaning. [Dec. 23, 1994, opinion, Pl. App. 316].

An examination of the two products and their histories shows that the earlier panel incorrectly believed that T&B had previously used a similar design in an unpatented product. First, the heads of the two products are not at all similarly shaped. Though the twist locking tie has an oval eyelet surrounding the strap slit, the head is dominated by a large circular bolt hole above the horizontal slit. [Pl. App. 1103]. The resulting exterior shape is not an oval but the intersection of a circle and a trapezoid and looks nothing like the TY-RAP head. Second, T&B filed a successful patent application for the "twist locking cable tie" in 1958, disclosing a best mode essentially identical to its product including the oval eyelet. [Logan Patent 3,022,557 of which we take judicial notice in response to Panduit's motion].

Conclusion

Because T&B has not established a reasonable likelihood of success on the merits, the preliminary injunction is reversed.[13]

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

---

[13] Because the preliminary injunction is dissolved, Panduit's appeal of the magistrate judge's refusal to increase the bond amount is dismissed as moot.

UNITED STATES COURT OF APPEALS
For the Seventh Circuit
Chicago, Illinois 60604

JUDGMENT – WITH ORAL ARGUMENT

Date: September 14, 1995

BEFORE:

Honorable WALTER J. CUMMINGS, Circuit Judge

Honorable WILLIAM J. BAUER, Circuit Judge

Honorable ILANA DIAMOND ROVNER, Circuit Judge

Nos. 94-3911 and 95-1793

THOMAS AND BETTS CORPORATION and THOMAS AND BETTS HOLDINGS, INCORPORATED,

Plaintiffs - Appellees

v.

PANDUIT CORPORATION,

Defendant - Appellant

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division No. 94 C 2656, Ronald A. Guzman, Magistrate Judge

The judgment of the District Court is REVERSED as to the preliminary injunction and Panduit's appeal of the magistrate judge's refusal to increase the bond amount is DISMISSED as moot. The above is in accordance with the decision of this court entered on this date. Cost [sic] are awarded to appellant Panduit.

(1061-110393)

United States Court of Appeals

For the Seventh Circuit
Chicago, Illinois 60604

December 23, 1994

Before

Hon. WILLIAM J. BAUER, *Circuit Judge*

Hon. FRANK H. EASTERBROOK, *Circuit Judge*

Hon. MICHAEL S. KANNE, *Circuit Judge*

THOMAS AND BETTS
CORPORATION, and
THOMAS AND BETTS
HOLDINGS,
INCORPORATED,
Plaintiffs-Appellees,

No. 94-3911

v.

PANDUIT
CORPORATION,
Defendant-Appellant.

Appeal from the United
States District Court for
the Northern District of
Illinois, Eastern Division.

No. 94 C 2656

Ronald A. Guzman,
Magistrate Judge.

Panduit Corporation, the nation's largest manufacturer of one-piece cable ties, entered the two-piece cable tie business by copying a product being sold by Thomas & Betts Corporation. Thomas & Betts sued for trademark infringement, and the magistrate judge, presiding by the parties' consent under 28 U.S.C. §636(c), held a trial and entered a preliminary injunction granting Thomas & Betts one aspect of the relief it sought: the injunction bars Panduit from selling a two-piece cable tie using the same oval exterior head shape that characterizes the entire Thomas & Betts product line.

Until 1982 the Thomas & Betts product had been protected by a patent. Panduit's theory is that when the patent expired the entire product fell into the public domain and became freely copyable. That considerably overstates matters. The patented portions of the product entered the public domain, but "the product" did not. Panduit does not contend, for example, that it could copy the cable tie to the last detail, including the Thomas & Betts logo and similar identifying marks. Non-functional elements of the product's design can serve a role similar to logos and therefore may be protected as trademarks. See *W.T. Rogers Co. v. Keene,* 778 F.2d 334 (7th Cir. 1985).

The magistrate judge concluded that the oval design of the head of Thomas & Betts' fasteners serves such a role, that Panduit has many acceptable alternatives (including the rectangular design that it uses on all its other cable ties), and that customers may be confused by Panduit's duplication of the Thomas & Betts design. The magistrate judge also concluded that the oval shape of the head was not claimed by the patent. That Thomas & Betts had been using an oval design long before it sought a patent on the two-piece cable tie supports this conclusion.

It may be that Panduit has answers to these findings. But the probability of success on appeal is sufficiently low that we deny the application for a stay without inquiring into the other elements of the traditional formula. The magistrate judge required Thomas & Betts to post an injunction bond of $500,000. Panduit does not argue that this is too low. The application for a stay pending appeal is therefore denied.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THOMAS AND BETTS CORP.)
Plaintiff,)
)
v.) No. 94 C 2656
PANDUIT CORP.,)
Defendant.)

MEMORANDUM OPINION AND ORDER

Findings of Fact

1. Plaintiff Thomas & Betts Corporation ("Thomas & Betts") is a manufacturer of electrical and electronic components. It sells an array of products including cable ties; fittings; electrical connectors; metal framing products; and floor boxes. These sales are through electrical distributors.

2. James Taggart, Thomas & Betts' witness, is the director of marketing.

3. Panduit Corporation ("Panduit") manufactures electrical, electronic and communication components and systems. Jack E. Caveney, the Chief Executive Officer of Panduit, founded Panduit Company in 1955. Panduit was incorporated in 1958. Caveney holds a Bachelor of Science degree in electrical engineering from the University of Illinois and a Masters of Science degree in Electrical engineering from the Illinois Institute of Technology. pp. 443-444.

4. Before 1958 cables were bound by lacing cord or rope or tape. This procedure was clumsy and less than satisfactory.

5. According to Taggart, in 1958 a gentleman by the name of Marcus Logan, who was employed by Thomas & Betts, came up with the idea of using a nylon strap to bundle or group the cables together. It was a twist lock type of cable tie. Exhibit P-1, p.19.

6. Subsequently, a patent was issued for the twist lock cable tie in 1958. The patent expired in 1981. Exhibit P-163, pp. 27, 28.

7. However, according to Caveney, Panduit introduced the first cable tie in early 1958. This strap was called a Lok-Strap, "L-o-k - S-t-r-a-p." This was a two-piece cable tie made out of plastic (p. 444) and had a rounded oval shaped head with a horizontal slot through which the tail is passed. The passage way is also oval. pp. 20-21.

8. In 1965 and 1969, Thomas & Betts patented its two-piece cable tie. Thomas & Betts' utility patents Defense Exhibit 103 (the Schwester patent for the TY-RAP – Plaintiff's Exhibit 77A – which expired in 1982) and Defense Exhibit 104 (the Mariani patent for the security tie which expired in 1986). These patents show the rounded/oval head shape, the stainless steel barb locking mechanism in the head, the body and tail which goes through the horizontal slot of the head. The barb is seen through the vertical slot which runs from the top of the head to the bottom of the head.

9. The current TY-RAP cable tie has a rounded oval head with the horizontal passageway through which the tail passes. Inside the passageway is the locking mechanism. The locking mechanism is a stainless steel barb set at an angle so that it bites into and holds the body of the strap once it is passed though [sic] the horizontal slot. There is also a vertical-transverse slot in the head of the cable tie that runs from the top of the head all the way to the bottom of the head, and through that vertical slot you can see the stainless steel locking mechanism. p. 25. The transverse slot at the top wall is there to allow for the insertion of the barb. The transverse slot at the rear wall is there to allow for the action of the barb. p. 235. The Thomas & Betts cable ties are UL recognized and QPL military approved. (Meets military standards and specifications). p. 43. This is important because it determines whether or not the cable ties can be sold to the military. They are also approved by phone companies and NASA. p. 45.

10. Consistent between the first, twist-lock, cable tie and today's steel barbed TY-RAP cable tie are the actual shape of the head – the rounded oval head, the vertical slot in the head, the horizontal slot through which the tail passes and the actual strap body with the tail. p. 23.

11. No other two piece cable tie has been sold in competition with Thomas & Betts until Panduit's recent introduction of the BARB-TY.

12. Until recently no other (one piece or two piece) cable ties in substantial competition with the TY-RAP had an oval or rounded head configuration. All competing ties had square or rectangular heads.

13. For over ten years therefore, Thomas & Betts had been promoting and accruing good will for its steel barbed cable ties without patent protection for its product design which included the oval shaped head with both a horizontal and transverse slot. p. 614.

14. Panduit tried in the 70's, 80's, to develop its own two-piece cable tie, but could not do so successfully without infringing on Thomas & Betts' patents. pp. 435, 444-446.

15. The language and drawings in the Schwester patent describe both the TY-RAP (Thomas & Betts) cable tie head (Ex. 77A) and the BARB-TY (Panduit) cable tie head (Ex. 75B). The patent also describes the transverse slot and the metal barb position in each of the products. pp. 523-527.

16. The co-inventor of the Schwester patent, Mr. Martin, testified the vertical slots are claimed as part of the invention in the Schwester Patent. (Martin Tr. at 52; Exh. D-103).

17. The slot and tongue arrangements of the Thomas & Betts TY-RAP and the Panduit BARB-TY are both embodiments of certain language in the *Mariani* patent, to wit, "It has been found in practice the slot 46 and the slot 48 are necessary in order to assemble the metallic tongue which will be employed to lock the strap body portion 12 in such a manner that it may not be withdrawn from the head end portion 28."

18. The Schwester patent does not include that language but does include the following language: "A further object of the invention is to provide a plastic

bundling strap which is extremely simple in construction, inexpensive to use and highly efficient for the purposes intended . . . " p. 522.

19. Original Equipment Manufacturers (OEMs) (such as airplane or automobile manufacturers), construction companies, electrical contractors and maintenance repair operations (MROs) are purchasers of cable ties.

20. Both Thomas & Betts and Panduit sell cable ties directly to customers and through distributors as well.

21. Customers can purchase cable ties in a number of ways. At the actual distributor itself, a person often walks into the counter of the distributorship with a sample cable tie to purchase more of the same, or a purchaser could walk in with nothing in his hand and ask for a particular item either by product name or by description. Alternatively, a customer could FAX or phone in an order, or a customer could ask someone else to go to the distributor on their behalf to pick up the product based on some sort of a description. p. 94.

22. There is conflicting testimony as to how much of the cable purchasing is done by bulk on specifications so that the presence or absence of labels and recognizable packaging is unimportant. Taggart's best estimate was that about 60% of total cable ties sold by Thomas & Betts and about 35% of dollar sales are sold by direct bulk purchase. p. 83.

23. According to Mr. Caveney, however, many of Panduit's sales are to electrical distributors who do not even sell to the retail trade. One of their largest distributor chains won't keep a customer that buys less than a

certain amount per year, and all sales are sold strictly to customers who have accounts with the company. p. 497. In addition, many large scale purchasers buy through a contract directly from Panduit or by specifying part numbers etc. p. 599.

24. Caveney also indicated that, typically, the people that would buy from a point of purchase display are construction people and in some cases electrical maintenance people. p. 497.

25. The Thomas & Betts TY-RAP merchandising display is blue in color as is the label on the packages of the product itself. In fact, blue is the corporate color. Panduit's merchandising display is green in color as is the label on its packages. p. 73. The Panduit merchandising display package also has a red sticker in the middle of it. Panduit has been using the green color scheme depicted in the point of purchase display shown in court for about 25 years. p. 498.

26. Not all distributors use merchandising displays. The distributors that sell directly to construction contractors and electrical contractors have a great deal of walk-in business and therefore have displays. On the other hand, distributors that sell to industrial accounts and OEM accounts often don't have counter areas at all. p. 79.

27. All of Thomas & Betts products are sold in see-through clearly marked packages with the product trademark (TY-RAP) on them. p. 78. Panduit's BARB-TY's are also sold in see-through packages, but while the smaller Panduit distributor packages sold at counters or merchandising displays have the company name and trademark clearly marked on them, the larger bulk packages

have only a loose piece label in them that can float amongst the cable ties and be difficult to see. p. 79.

28. Thomas & Betts and Panduit's cable ties are sold through the same channels of distribution to the same classes of customers, and often to the same customers. Tr. 90-96; 176-186 McSherry Deposition (PX 183). It is undisputed that the products, new and old, are in direct, head to head, competition. PX 183, McSherry Dep. 114-117; PX 78. In fact, until Panduit's introduction of its new barbed cable tie product, their one-piece Pan-Ty was the main competitor with Thomas & Betts's two piece steel barbed cable tie. p. 50. Hundreds of millions of PAN-TYs are sold every year. p. 547. Until recently the one piece ties in the market have all had square or rectangular heads. p. 51, 52.

29. The body of the one piece tie has a rack of teeth. This is so the plastic pawl can mate with the teeth to lock the tie closed. The steel barbed ties do not need this because the steel barb cuts into the smooth plastic of the body to close and lock the tie in place.

30. Tyton, Dennison, All States, Panduit, Vision Plastics, Paramount, Amp, Burndy, and 3M, and Richco are all competitors in the cable tie market. The largest competitor of Thomas & Betts is Panduit. They are the largest supplier of cable ties in the United States. p. 50.

31. A rounded head or corners is believed by some to be a benefit to a cable tie design because it has less of a tendency to hurt the installers hands and won't snag or damage the bundled cable. pp. 66-68, 130, 454. Mr. Caveney, for example, testified that although Panduit has received only one complaint about the sharp corners of

the Panduit PAN-TY cable tie, but it was from one of their biggest customers, MCI. Apparently the PAN-TY corners were cutting into the bundled cable. p. 519.

32. Mr. Lazar, however, testified and demonstrated that from his observations of how cable ties are actually used he believed that shape of the head is irrelevant to the comfort level of the user. p. 293.

33. In addition Mr. Lazar testified that rounded corners (not necessarily a round or oval head) will avoid sharp corners in the mold which might disrupt the flow of the plastic material as it fills the mold. pp. 239-240.

34. Thomas & Betts has advertised the small head, low profile of its steel barbed tie as being an advantage. p. 32. "Lower is better" p. 33, 13, p. 66.

35. The BARB-TY and the TY-WRAP [sic] have the same head height. p. 546.

36. The stainless steel barb locking device has also been advertised by Thomas & Betts as being an advantage of the product. p. 66. As has the smooth, rather than ribbed, body. p. 68.

37. Jack Caveney also testified that the absence of the need for notches in the body of the tie to allow a plastic pawl to lock into also means that a steel barbed tie has the advantageous capability of infinite adjustment of the size of the loop made with the tie over the one piece all plastic ties. pp. 459.

38. Until this year no other competitor has made a cable tie with a steel barb. p. 28.

39. Jack Caveney testified that a one piece cable tie must have a rectangular head due to the dual necessities of accommodating a plastic pawl within the head and of meeting military specifications. pp. 458, 549.

40. However recently, a one piece, all plastic cable tie with a rounded oval shaped head has been marketed by a company known as Micro Plastics. The remainder of the Micro Plastics product is however different from the Thomas & Betts two piece tie. The body is notched, rather than smooth, the locking mechanism is a plastic pawl, rather than a stainless steel barb and the head, although it is oval and rounded looks somewhat different from the Thomas & Betts two piece product. This product does not appear to have its manufacturers name on the product and therefore does not meet the military specifications. pp. 63-65, 468.

41. Thomas & Betts first became aware of this product approximately one month from the trial of this preliminary injunction. p. 89. Mr. Caveney, on the other hand, testified that Panduit first became aware of this Micro Plastics product at least three years ago. p. 514. Both seem to agree however that Micro Plastics cable ties are apparently sold only by Radio Shack which is not considered an electrical distributor. pp. 153, 498.

42. There was some testimony that there are other one piece cable ties on the market which meet military specifications and which have, if not round heads, more rounded corners than the Panduit PAN-TY. p. 555. However these ties are not a significant factor in the relevant market.

43. Thomas & Betts spends over $450,000.00 per year in advertising its cable tie products. In 1993 sales were approximately 100 million dollars worldwide in the barbed tie product line. p. 42.

44. Thomas & Betts's advertising prominently features the oval shaped head of the cable ties. Thomas & Betts advertises in magazines, at trade shows; and in merchandising displays at the point of purchase. However, there has been no advertising directly alluding to the shape of the head i.e., directing the purchaser to look for the oval shaped head.

45. Carl D. Andrew [sic], President of an independent distributor of electrical products for Thomas & Betts, testified at his deposition that customers have "asked for the rounded head ties" because "we've gone out and promoted it quite a lot." PX 187, Andrews Dep. 16.

46. William O'Neil is the product marketing manager for the fastening line for Thomas & Betts. p. 85.

47. O'Neil testified that the product has always been identified by looking at the rounded head with a vertical slot, with the stainless steel barb in that head. The Thomas & Betts one piece has been the only product in the industry to have that appearance. Customers, either distributors or end users, recognize the product by that description. p. 87.

48. O'Neill [sic] also indicated that there are some customers of Thomas & Betts who repackage and resell the cable ties. p. 110.

49. There was testimony that the term Barb-TY adopted by Panduit as its trademark for its new steel

barbed cable tie would tend to cause confusion as the term "barb tie" has come to be commonly used for the Thomas & Betts product during the many years that it was the only product with a steel barb in the market. p. 104 - 106.

50. Carl Andrews confirmed in his deposition testimony that the term "barb ties" has been and is associated with Thomas & Betts. In fact, he used it to promote the locking mechanism of the Thomas & Betts stainless steel barb on the TY-RAPS® – a unique selling feature that he has used to promote Thomas & Betts over any other manufacture [sic] of ties. PX 187, Andrews Dep. 14.

51. Mr. O'Neill [sic] and Mr. Taggart testified to the use of the term barb tie by customers to order a Thomas & Betts' cable tie. Taggart Tr. 55; O'Neill [sic] Tr. 93.

52. However Mr. Lazar, plaintiff's manufacturing expert testified that he is not familiar with the term (p. 245).

53. Mr. Jack Caveney similarly testified that he had never heard the term used outside of Panduit before coming out with his BARB-TY trademark. p. 477. However, the term "barb tie" has been used by Panduit extensively in its advertising for the new BARB-TY product. pp. 113 & 114.

54. Mr. McSherry testified that Panduit has used the term "barb tie" to refer to Thomas & Betts' product. PX 183, McSherry Dep. at 33-34; See PX 120: "Thomas & Betts barb tie." Mr. Kenny of Panduit also referred to "Thomas & Betts's barb tie" in internal correspondence to other Panduit employees. PX 79; PX 182, Kenny Dep. at 140-42.

In an internal memo (PX 79), Mr. Kenny also suggested using the theme: "If you want a barbed tie, ask for the Barb-Ty." This suggested advertising theme clearly implies that the term "barbed tie" was in common use to refer to a metal barbed cable tie. The use of the term "Barb-Ty" to refer to the new Panduit product therefore, will have a tendency to cause confusion as it will be difficult to ascertain whether the phrase being used as it has been used in the past to denote the T&B's steel barbed cable tie or is meant in its more restrictive sense to denote the new Panduit product. It could be that the consumer would continue to use the descriptive term "barb tie" and that this would result in purchases of the Panduit BARB-TY product where the intent was to purchase the Thomas & Betts product.

55. Mr. Caveney of Panduit also agrees that Panduit's reference to "barb tie" meant Thomas & Betts. Caveney Tr. 603-606.

56. Panduit advertises and promotes its new cable tie product in such a way that the name "Barb-Ty" is prominent. PX 27, 29, 44, 183, McSherry Dep. 104-105.

57. Panduit has purposefully used the name "Barb-TY" which is phonetically similar to the term previously used to describe the Thomas & Betts product and combined this term with the cable tie head configuration which is indistinguishable from Thomas & Betts' cable tie head configuration.

58. Panduit also considered taking advantage of the Thomas & Betts design by featuring the "classic design" of its new BARB-TY product as a method of promoting it to consumers. p. 616.

59. Panduit launched its BARB-TY product under a marketing program designed to take away 25% of the business of Thomas & Betts' TY-RAP® products within three years (PX 43, 47A).

60. Dr. Michael Rappeport, an employee of RL Associates – a survey firm testified on behalf of Thomas & Betts as to a survey he conducted for it.

61. In his survey Dr. Rappeport was looking for two items. One was the level of secondary meaning of the shape and head and total look of the Thomas & Betts – Thomas & Betts cable ties. And, second, whether there was likely to be a likelihood of confusion in the buying process with the Panduit cable ties. p. 175.

62. The survey divided the country into five general regions – the northeast, southeast, midwest, southwest/ Rockies, and then the far west. p. 176.

63. A number of stores were picked in each region from the yellow pages and the salesperson or counter clerk at each store was interviewed. p. 182.

64. The survey tested three cable ties, a Thomas & Betts cable tie; a Panduit cable tie of about the same length; and a cable tie of about the same length put out by a firm called G.B. p. 182.

65. In the Thomas & Betts and Panduit cases the survey tested the ties in two different forms: one with the named stamped on it and one and without the name stamped. That is, they took a Thomas & Betts tie and left it just as it was and took a Thomas & Betts and filed off the raised name that they have at the very top. The same

test was done on the Panduit cable tie. They didn't bother to do that on the GB. p. 183.

66. When salespersons saw Thomas & Betts cable tie with the Thomas & Betts name on it, 87 percent of the people said it was a Thomas & Betts. Thirteen percent said they didn't know. Nobody said anything else. p. 186.

67. When salespersons saw the Thomas & Betts cable tie with the Thomas & Betts name removed, 43 percent of them said that that was a Thomas & Betts, simply on the look. Fifty seven percent said they didn't know what it was p. 186.

68. The conclusion the survey drew from the test results was a fairly significant level of secondary meaning, established purely in the look of this cable tie, that is, people can identify it with nothing else to go on except the look and they never misidentify it. They either identified correctly or fail to identify it at all. If one restricted himself to those persons interviewed who really know cable ties the percentage would go up significantly. Even forty three percent was, in the opinion of the expert witness, in a test of this type, clearly indicative of secondary meaning in the look of the Thomas & Betts cable tie. p. 187.

69. When persons surveyed were first shown the Panduit barbed tie cable tie, with the name on it, 27 percent of the people said it was a Thomas & Betts cable tie. When they were pushed, an additional – ten percent continued to say it was a Thomas & Betts, even though the name is on it and they could have read it. Seventeen percent changed their minds to Panduit. Forty percent had initially said it was a Panduit, and 7 percent said

something else, 27 percent said they didn't know. Only three percent of those questioned identified the Panduit as a Panduit when the name was removed. pp. 187-189.

70. From these results Rappeport opined that roughly speaking, there is a 30 percent confusion rate. In short the survey showed 43% secondary meaning and roughly 30% confusion indicating both recognition of the Thomas & Betts look and confusion of it with the Panduit product. pp. 189-190.

71. Thomas & Betts did not present evidence of any instances of actual consumer confusion between Thomas & Betts's TY-RAP cable ties and Panduit's BARB-TY cable ties. (Tr. at 58).

72. Thomas & Betts could not account for any damage it has suffered on account of the Panduit BARB-TY cable tie. Panduit has advertised and marketed its product at least since November 5, 1993. (Tr. at 117).

73. Michael Lazar testified without objection as an expert for Thomas & Betts. He is currently the president of Connector Industry Consulting Group – a company that provides consulting services for companies in the connector and wiring devices field. pp. 222-227. Lazar testified that one of the rules of thumb in designing any thermoplastic part is to attempt, insofar as practical, to create wall thicknesses of equal thickness throughout the part. This is to provide for chilling times of all the wall thicknesses, of all the sections of approximately the same time, so that you can avoid what is known as sink marks. p. 242.

74. Jack Caveney testified that the TY-RAP ties has the advantage of having a head shape that provides for basically uniform cross sections which result in equal cooling in the molding process, which reduces distortions of the part, sinking service defects and allows it to cools [sic] faster since it has uniform walls and basically thinner walls than it would have with any other shape. In addition, the faster the cooling, the less the time required to mold the parts. The lack of corners in the oval shaped head results in less stress risers that are typically frozen into a part when it's molded due to corners. Finally, Caveney asserts, the oval shape reduces the amount of material used in the production of the head over any other shape. This is important because it reduces the weight of the part. In some applications, such as the manufacture of new airplanes where there may be as many as 50,000 cable ties installed in each plane, the weight of the tie is extremely important. pp. 454-456.

75. This testimony however is contradicted by the testimony of Marcus Logan a former Thomas & Betts employee, and Harold Martin, a former engineer for Thomas & Betts. Both indicated that the shape of the original twist tie was mostly for appearance. PX 185, Logan Dep. 51-54. Martin Dep. 23-24. Martin specifically denied that the upper transverse slot was needed to install the metal barb and insisted it could have been done in different ways (Martin Dep. 28) but did admit that the twist lock tie head was made the shape it was in order to make it "as smooth an exterior as possible yet retain reasonable strength." Martin Dep. 57.

76. Rounded edges are also functional in the manufacturing process for reasons of economy. There is no

need to have extra material in the corners as there is little stress there. Also mold flow is enhanced if sharp corners are avoided. p. 245.

77. Martin also testified that the vertical slot in the cable tie head for Thomas & Betts' barbed cable tie which was carried over from the twist-locking ties was not the best design for the cable head from a functional standpoint. This is because the slot at the top of the head weakened it. "it was by far the weakest link in the chain, so to speak, and that upper slot being nonexistent would have enhanced the strength of the cable tie." Martin Dep. 28.

78. Mr. Lazar testified that the oval shaped head is, in his opinion, not the optimal shape for a cable tie which must meet the military specifications. p. 246.

79. Mr. Lazar also opined that in order to find the optimal shape for a cable tie one should utilize a modern stress analysis technique known as finite element analysis. This technique has become available only in the last ten or twelve years. This stress analysis utilizes a computer which starts with a modeling of the part to be analyzed in three dimensions in the computer. p. 247. Then by applying loads strategically in the right places the computer will generate illustrations showing where the stresses are the greatest and will define the level of stress throughout the cable tie. p. 248.

80. Such an analysis would take an engineer approximately four or five days to complete. The cost of hiring an outside engineering firm to perform this analysis for Lazar was $4,000.00. to purchase a work station to

do this analysis in house would cost about $7,000.00 to $15,000.00 p. 294.

81. Mr. Lazar opined also that a logical starting point for the design process would be to conduct an analysis on what has already proven to be a successful product in order to see how it could be improved. Mr. Lazar therefore conducted such a stress analysis of the head of the Thomas & Betts Ty-RAP steel barbed cable tie with the objective of optimizing the design of the same. In building his computer model for the finite stress analysis he used Thomas & Betts production drawings. pp. 270 -272.

82. Among other things, the stress analysis resulted in a finding that there was excess material in the Thomas & Betts TY-RAP steel barbed cable tie's head design. In other words, the oval shaped head contained excess material. p. 276. The analysis also showed areas where the stress level on the head of the Thomas & Betts cable tie was too great (approximately 3.2 times the maximum yield stress of the plastic material) and therefore that there was a need to improve the design. p. 275.

83. The next step in the design process would then be to design a cable tie head which would reduce the highest points of stress and also reduce the amount of material in the lowest points of stress. p. 277.

84. Significantly high stresses also appeared at the corners of the transverse slot. From this Mr. Lazar concluded that it would be a good idea to find a way of eliminating the slot in the upper wall of the head since that slot serves no functional purpose in the design, – it is merely there to allow for the assembly of the barb.

pp. 276-277. To do this, however, one would have to "conceive in our design of a different way of installing the barb." pp. 293-294. In other words, a different method of production or manufacturing would have to be used than what Thomas & Betts is currently using or has used in the past.

85. Using this process Mr. Lazar came up with what he considered to be an optimum shape for a cable tie head as well as 14 head shapes in all (Design A: Trapezoid shape; Design B: Trapezoidal shape with the short dimension opposite from Design A; Design C: Trapezoidal shape with one end rounded; Design D: Trapezoidal shape with a rounded end on the opposite wall; Design E: T-shape; Design F: T-shape with the narrow end reversed from Design E; Design G: Hexagonal shape; Design H: A different hexagonal shape; Design J: A different hexagonal shape with short walls at right angles to those shown in Designs G & H; Design K: Another variant of a hexagonal shape; Design L: Pentagonal shape; Design M: Pentagonal shape with the peak of the pentagon opposite the strap; Design N: Rectangular shape; Design P: Rectangular shape; and Design Q: Different pentagonal shape suggested by an illustration shown in U.S. Patent 3,996,646, issued to Mr. Caveney of Panduit (PX 71) that could be used in making what he termed a "competitive product.") p. 289. Lazar opined that these alternative designs could be made using the same or less material than the Thomas & Betts or Panduit two piece cable ties. He is confident of this even though he does not know exactly how much material either of the two parties uses in making one of their cable ties and even though he cannot know how much material will be used to make the alternative

designs he has offered. His reason for this conclusion is the results of the finite stress analysis he performed on the existing products which showed that there were large areas of material that were at very low stress levels telling any designer that he could eliminate material in those areas. pp. 359-361.

86. Mr. Lazar also admitted that he had not spoken to anyone in marketing about whether or not the alternative head designs he proposed would be preferred by consumers. p. 353. He did indicate, when pressed on cross examination, that he has seen one product which had a rectangular head similar to what he has proposed and that is the Flex-Cuff cable tie (used by police departments as a handcuff). p. 356.

87. Mr. Lazar further testified that in designing a new cable tie he would expect, from prior experience, to take his optimal design to marketing for their approval from a marketing point of view. He would then be prepared to compromise his optimal design for one that would satisfy both the engineering requirements and marketing necessities. He suggested that he might very well prepare a number of optional designs (such as the 14 suggested in his testimony here) for presentation. p. 277.

88. From 1982 to 1987 Panduit was engaged in attempting to develop a two piece, steel barbed cable tie. This effort was called project strap. p. 572. Only one shaped head was considered during that period of time by Panduit – a rectangular head shape with rounded corners. pp. 572, 573. A rounded head was never considered.

89. Panduit has never considered any other shape for its BARB-TY product than the oval shaped head in spite of the fact that it has done no studies to determine the optimum shape for such a head.

90. Caveney testified that there was no need for such tests as any engineer could tell just by looking that the oval shape was the optimal shape for such a product p. 576, 577.

91. In none of its 20 patents involving cable ties has Panduit ever suggested the production of a cable tie with a rounded head. p. 578.

92. Mr. Rohaly, Panduit's Chief Engineer, testified contrary to Mr. Caveney's position, that the Barb-Ty design is not the optimum design. Rohaly Dep. 128-130, 266, 267.

93. Mr. Rohaly also testified that eliminating the top portion of the vertical slot in the Barb-Ty would cure many of the problems of sharp edges and internal corners and would make the head stronger. Rohaly dep. 292-294.

94. Mr. Rohaly also testified that Panduit's Barb-Ty does not have uniform cross-sections. Rohaly Dep. 278, 280.

95. Mr. Lazar also came up with several methods of producing or manufacturing a cable tie to eliminate at least a portion of the transverse slot. One way would be to insert the barb from the rear face of the head rather than from the top face as is now being done. This method would require that the opening on the back of the cable tie head through which the barb is inserted be covered up by using a process of ultrasonic welding which would

utilize protruding material on the molding. No additional time or material would be required. Ultrasonic welding is a common technique used in the connector industry and standard machines are available to perform the operation at a cost of approximately $2,000 to $4,000. p. 298-301. On cross examination however, Mr. Lazar admitted that he has no actual experience with such an ultrasonic welding technique and has never even seen it done. His knowledge comes from solely from literature he has read which describes such an operation and his consultations with the company that manufactures the ultrasonic welding machine. pp. 367, 428.

96. Alternative production method number two calls for insertion of the barb from the top but by bending it so that it may be inserted vertically from the top face of the product while eliminating the necessity for the transverse slot whose sole function is to allow the barb to be inserted at an angle. According to Mr. Lazar the bent or preformed barbs could be made efficiently from the same stock used to make the barbs now. However, in listening to his testimony it is apparent that he is speaking hypothetically about solving a number of manufacturing/engineering problems such as the stamping of the barbs themselves, the transferring of the barbs and the insertion of the barbs – all in ways not previously done by anyone. The cost of a Bruderer Machine to do the stamping operation would be anywhere from $40,000.00 to $100,000.00 and then one would have to build a progressive die which would cost around $20,000.00. The barbs would then be linked together in a ribbon which would be transferred onto a reel for the insertion process. According to Lazar there are many ways of doing this, one could

build a custom machine just as Thomas & Betts and Panduit have done, or one could choose – and this is Lazar's recommendation – to work with companies in the business of providing stitching machines. A stitching machine of this type would cost approximately $25,000.00 to $35,000.00. pp. 301-311.

97. Alternative production method number three is essentially the same as alternate number two with the exception of the fact that one would reverse the position of the barb from the rear wall to the front wall. This, however, Lazar testifies is in anticipation of the possibility that such a procedure might provide additional advantages in the attainment of an optimal head design – an unproven hypothesis. p. 312.

98. Alternate number four is essentially a variation on alternative number one, whereby we again anticipate assembling the barb from the rear face instead of the front face, [sic]. It simply provides a different way of filling up the recess which is created for access for assembly. In this case, one would use a frangible plug to fill the cavity. The extra cost of this procedure would be about $1,000.00.

99. Still another alternative would allow for inserting the barb from the rear face of the head, thereby enabling one to eliminate the transverse slot in the front wall. After the barb is assembled into the recess, two protrusions which are formed at the rear end of the barb are then bent up in a second station on the assembly machine and those tabs would interfere with the back wall in that recess and lock the barb into position so it

cannot be displaced. Lazar described this as a fairly simple operation to be performed at a second station on a barbing machine. p. 316.

100. In assembling the barb to the cable tie, Thomas & Betts uses a custom designed machine which they call a barbing machine. p. 318.

101. Mr. Lazar also viewed the manufacturing process of both Thomas & Betts and Panduit and determined that although both had similarities, the Panduit process was significantly different.

102. Mr. Lazar opined that both operations suffered from excessive down time due to the complexity of their custom designed machines and the large number of moving parts that each has as well as the manner in which they have synchronized their production processes. p. 321.

103. Finally, Mr. Lazar opined that there is no question that any of the design proposals, alternates that he described could be produced at no significantly higher cost than the current TY-RAP product is produced, and it is very likely that they could be produced at a somewhat lower cost by utilizing some of the current common production machines and techniques just described. p. 323.

104. Mr. Lazar agreed that any of the alternative head configurations that he presented could be manufactured without removing any of the transverse slot. This would be **necessary** if you were to continue manufacturing the cable tie by inserting the barb from the top at an angle. Half of the transverse slot could be eliminated as

non functional if you chose to produce the cable tie in any of the alternative ways which he has suggested. p. 328.

105. On cross examination Mr. Lazar testified that it would take roughly 4 to 6 months to put into actual production the hypothetical methods of manufacturing he was proposing. p. 349.

106. In order to utilize any of the alternative methods of manufacturing above described Panduit would in Mr. Lazar's opinion, have the choice of either using a modified version of their custom designed machine for any of these operations, or they would have the choice of using a stitching machine, which would be tooled up appropriately to perform the various basic operations that each of the designs would require. But Panduit's present equipment would not accommodate the alternative insertion methods without modification. p. 362-363.

107. Mr. Lazar also testified over objection at length in cross examination regarding the "teachings" of two patents held by Thomas & Betts. The testimony was taken subject to a later ruling on the objection which was reserved. Plaintiff objected that the testimony was beyond the scope of direct examination and had the effect of providing a free expert witness for the defendant who had previously made a conscious decision not to designate an expert. At the time the court reserved ruling on the objection. At this time it is clear to me that the testimony called for by these questions was clearly well beyond the scope of direct examination and the testimony

will therefore not be considered. As to the objection challenging the witness' expertise to testify as to these matters, as indicated at trial, it is overruled. pp. 401-404.

108. Panduit admits that it intentionally copied the Thomas & Betts product as it is depicted in the Schwester patent. In fact it argues that this is the safest way to develop a product under an expired patent. It analyzed and copied the entire Thomas & Betts TY-RAP cable tie line. (p. 477) making some minor improvements. p. 629.

109. After the initial planning Panduit made prototypes of the BARB-TY, tested them, and successfully completed the functional tests. Then they made production molds and production barbing equipment. It prepared for packaging of a cable tie, developed a promotional plan including descriptive literature and mailers that were sent to various prospective customers. p. 477.

110. Panduit also developed advertisements, news releases, made up price sheets, held training sessions for the sales force. It developed training sessions for distributors and for prospective distributors. p. 477, 478.

111. Next, Panduit commenced manufacturing and put the finished product into inventory. After this the company contacted its customers and distributors and made sales calls, and told them of the existence of the product line. p. 478.

112. Thereafer, Panduit continued to sell its product. It made commitments to its distributors that various parts of the line would be available by various dates in

the future. Panduit received commitments from its distributors in excess of 1.7 million dollars in sales to distributors for the Barb-Ty cable line. p. 478. The company has also made contractual quotations for in excess of $550,000 worth of sales of Barb-Ty cable ties.

113. Panduit has obtained military specifications approval of the parts. p. 479.

114. Panduit's total investment in the project to date is in excess of four million dollars. That's over and above the investment in inventory. p. 479.

115. Exhibit D-93, a memo from Thomas & Betts's product market manager dated 12/6/93 reveals that plaintiffs had heard rumors six months prior to early December that Panduit was coming out with a new two-piece cable tie and that, "As you all know, our patents have expired on the TY-RAP." This was a memo to all of the sales people with a copy to the vice president and general counsel.

116. Defendant's Exhibit 82 – its catalogue or price book dated November 5th, 1993 was introduced. On its cover is a picture of its new BARB-TY cable tie product which is the subject of this litigation. The Barb-Ty cable tie is further depicted on page A-8 of that November 5th, 1993 catalog. Along with the picture the product name "BARB-TY" also appears on the cover. p. 499. Thomas & Betts first saw evidence of the new BARB-Ty steel barbed cable tie sometime in November of 1993 from Panduit's product catalog. p. 99.

117. The first actual product, however, was not obtained by Thomas & Betts until January of 1994. p. 100.

118. In spite of this prior to the filing of the lawsuit on April 29th 1994 no one from Thomas & Betts contacted Panduit to object to the new BARB-TY two piece cable tie. p. 485-486.

119. Panduit has applied for trademark registration for the product name "BARB-TY." The application was published March 19, 1993. p. 513. Thomas & Betts filed no opposition to the registration of the application when it was published.

120. On the other hand, nowhere in Panduit's Answer to Thomas & Betts' Complaint, filed on May 19, 1994, does Panduit assert that Thomas & Betts is guilty of laches or should be estopped from claiming trade dress and trademark rights against Panduit for any purported failure on the part of Thomas & Betts to provide Panduit with timely notice of its claims.

121. When asked if Panduit would have stopped development and investment in its line of two piece cable ties of forewarned of a lawsuit by Thomas & Betts back in November of 1993, Mr. Caveney said most likely not. p. 590-592.

122. Mr. Caveney testified as to the likely effects of an injunction on Panduit: "it would severely damage our reputation in the marketplace. We have made commitments to our customers, to our distributors. We have widely advertised and promoted our new Barb-Ty cable tie line. Now, if we are unable to fulfill those commitments, to fill orders for those parts, our distributors and our customers would be very upset with us. And I think it would damage our sales not only of cable ties, but damage sales of all the parts that Panduit makes. It would

damage our relationship with the customers in the marketplace. We also, of course, would lose millions of dollars of investment and inventory. We might even – might be sued by customers that we have made binding contractual agreements with to supply them the Barb-Ty cable tie. I don't know how that would be resolved." pp. 533, 534.

When asked how long it would be before Panduit could reenter the competitive market with a two piece cable tie if enjoined from selling its BARB-TY product, Mr. Caveney testified: "If we decided to pursue the market with a different design, the first thing we would have to do is decide what the new design might be. As I mentioned yesterday, any new design might be the subject of a pending patent application that we don't know about. So it's a virtual mine field. We might try to develop another line and then find out that Thomas & Betts or somebody else has already applied for a patent or received a patent on a new design we are working on. But it would take a complete development program which would include prototypes and testing, and making molds and making auxiliary equipment such as barbing equipment. It would take at least a year and a half."

123. If there is a problem with Panduit's BARB-TY the problem may be associated with Thomas & Betts' barbed cable tie product because of the near identity between the products. Thomas & Betts has always had difficulty in selling the product to the aerospace industry and transformer manufacturers because the engineers at those accounts perceive of the barb, the stainless steel barb may fall out of the head and short out equipment. If the BARB-TY turns out to be an inferior product and the

barbs do fall out, it will reinforce this prejudice thereby damaging the TY-RAP® product as well. Taggart Tr. 59-60, Caveney Tr. 542.

124. Panduit studied the Schweser patent in order to understand all that it teaches about making a two piece metal barbed cable tie.

DISCUSSION

Preliminary Injunction Standards

The standards by which motions for preliminary injunction are to be evaluated are well-established in the Seventh Circuit:

> As a threshold matter, a party seeking a preliminary injunction must demonstrate (1) some likelihood of succeeding on the merits, and (2) that it has "no adequate remedy at law" and will suffer "irreparable harm" if preliminary relief is denied. If the moving party cannot establish either of these prerequisites, a court's inquiry is over and the injunction must be denied. If, however, the moving party clears both thresholds, the court must then consider: (3) the irreparable harm the non-moving party will suffer if preliminary relief is granted, balancing that harm against the irreparable harm to the moving party if relief is denied; and (4) the public interest, meaning the consequences of granting or denying the injunction to non-parties.

Abbott Lab. v. Mead Johnson & Co., 971 F.2d 6, 11-12 (7th Cir. 1992) (citations omitted). In weighing these factors the court must employ a sliding scale analysis which assures that a strong showing in one of the four factors will not be undercut by a lesser showing in another factor. *Abbott*, 971 F.2d at 12 (quoting *Lawson Products, Inc. v. Avnet, Inc.*, 782 F.2d 1429, 1436 (7th Cir. 1986)); *Storck USA, L.P. v. Farley Candy Co.*, 14 F.3d 311, 314 (7th Cir. 1994).

1. Likelihood of Success on the Merits

Section 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125(a)(1), provides the basis of the relief sought by plaintiff – a cause of action for infringement of unregistered trade dress. *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 608 (7th Cir. 1986). This provision also prohibits the misleading use of a term which has both a source-identifying quality and a generic quality. *Blinded Vet. Ass'n v. Blinded Am. Vet. Found.*, 872 F.2d 1035, 1047 (D.C. Cir.1989) (opinion by then Circuit Judge Ruth Bader Ginsberg).

To prevail on its trade dress infringement claim, Thomas & Betts must demonstrate that: (1) the overall image of its cable tie trade dress is inherently distinctive or has acquired distinctiveness through secondary meaning; and (2) customers will likely be confused by the resemblance of Panduit's cable tie trade dress to Thomas & Betts' cable tie trade dress. *Abbott*, 971 F.2d at 20; *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994). *See also Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753, 2757, *rehearing denied*, 113 S.Ct. 20 (1992) (inherently distinctive trade dress is protectable without a showing of secondary meaning).

"Trade dress" has been defined as "the total image of a product, including such features as 'size, shape, color or color combinations, texture, graphics or even particular sales techniques.' " *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 935 (7th Cir. 1989) (quoting *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983), *cert. denied*, 493 U.S. 1075 (1990)). *See also Vaughan Mfg. Co. v. Brikam Int'l, Inc.*, 814 F.2d 346, 348 n.2 (7th Cir. 1987). Product configurations or designs may enjoy trade dress protection under the Lanham Act. *Kohler v. Moen, Inc.*, 12 F.3d 632, 635 (7th Cir. 1993).

Secondary Meaning

The trade dress of Thomas & Betts' cable ties has acquired secondary meaning over the many years it has been used exclusively and extensively by Thomas & Betts. Such secondary meaning "denotes an association in the mind of the consumer between the trade dress of a product and a particular producer." Factors relevant to the issue of whether a trade dress has acquired secondary meaning include the amount and manner of advertising; volume of sales and number of customers; length and manner of use; consumer testimony; consumer surveys; and proof of intentional copying. *Turtle Wax, Inc. v. First Brands Corp.*, 781 F.Supp. 1314, 1323 (N.D. Ill. 1991); *Gimix, Inc. v. JS&A Group, Inc.*, 699 F.2d 901, 907 (7th Cir. 1983); *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 380 (7th Cir. 1976), *cert. denied*, 429 U.S. 830 (1976). Thomas & Betts has presented substantial evidence as to each of these elements. It has engaged in substantial advertising with pictures of its product as well as large models used in trade shows.[1] Although length of use and promotion of a trade dress are not alone dispositive of secondary meaning where the trade dress is a simple geometric configuration[2], there is evidence in this case through the consumer survey done by Thomas & Betts's expert that consumers do associate the TY-RAP trade dress/product configuration with a single source[3]. Thomas & Betts has proven a large volume of sales both yearly and in the aggregate since it began selling in 1965. It has been the exclusive manufacturer of a steel barbed cable tie and of a cable tie with an oval shaped head for nearly thirty years, and even Panduit has referred to the Thomas & Betts TY-RAP as a "classic design" for the product. Finally, the evidence is undisputed that defendant's intentionally copied the entire line of plaintiff's TY-RAP cable ties because of the advantages this product enjoyed.[4] Plaintiff has established a strong likelihood of success in proving secondary meaning in spite of the fact that the trade dress consists largely of a simple geometric configuration.

---

[1] Although the advertising has not been directed specifically at calling the consumer's attention to the oval shape of the TY-RAP's head, the oval shaped head with the transverse slot and stainless steel barb nevertheless has been prominently featured in its advertising photos and in its model display used at trade shows.

[2] *Eldon Indus., Inc. v. Rubbermaid, Inc.* 735 F.Supp. 786, 817-18 (N.D. Ill. 1990).

[3] Panduit has argued that the survey should be inadmissible and entitled to no weight because it could not identify and presumably depose the respondents. In *Piper Aircraft Corp. v. Wag-Aero, Inc.*, 741 F.2d 925, 931 (7th Cir. 1984), the Seventh Circuit rejected an objection to survey evidence that the defendant "never had an opportunity to examine the interviewers to determine their credibility in their reports of the interviewees' states of mind." The Seventh Circuit held "the testimony of a survey director alone can establish the foundation for the admission of survey results." *Id.*

Inherent Distinctiveness

The parties disagree on the issue of inherent distinctiveness of a trade dress when applied to product configuration.[5] Panduit has argued that a product configuration cannot be distinctive from a statement in footnote 11 in *Kohler Co.*, 12 F.3d at 641, citing *McCarthy on Trademarks*, § 7.23[2], that courts distinguish between trade dress generally and for product configurations by requiring secondary meaning for a product shape because a product's shape is never inherently distinctive. Thomas & Betts argues that *McCarthy* merely ascribes this view to "some" commentators and courts, all before the Supreme Court decision in *Two Pesos.* Thomas & Betts further argues that the court in *Kohler* did not adopt this statement as the law in the Seventh Circuit, but noted that the distinction was "irrelevant" to the facts in that case, *Id.*, and the Supreme Court's holding in *Two Pesos*, 112 S. Ct. at 2760, that there is "no persuasive reason to apply different analysis" on inherent distinctiveness to trademarks and trade dress is applicable to product configurations as well. Section 43(a) and the purpose of the Lanham Act provide no basis for distinguishing between trade dress generally and trade dress through a product configuration.

---

[4] While intentional copying alone does not give rise to a presumption of secondary meaning, *Blau Plumbing*, 781 F.2d at 611, the evidence is significant and entitled to clear weight in this case where there is other probative evidence of secondary meaning. See also *Vaughn Mfg. Co.*, 814 F.2d at 349.

[5] Although proof of inherent distinctiveness of a claimed trade dress is not necessary once secondary meaning has been established, the issue is discussed for the sake of completeness.

It is impossible to say from a reading of the footnote in the *Kohler* opinion whether the Seventh Circuit meant to adopt this statement requiring secondary meaning as the law in this Circuit. Certainly the manner in which it is commented on is favorable and appears to be intended to help establish the place of product configuration within the meaning of the Seventh Circuit's definition of the term "trade dress." On the other hand it is clear that, since the existence of secondary meaning was undisputed in *Kohler,* the distinction was not necessary to the resolution of the case.

Thomas & Betts however has a separate problem in claiming that its trade dress/product configuration is inherently distinctive, and that is that simple geometric shapes have been considered by some courts to be too common to be inherently distinctive and therefore require a showing of secondary meaning. *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.,* 781 F.2d 604, 610 (7th Cir. 1986). In this regard the TY-RAP cable tie's trade dress/product configuration must be considered a simple geometric design. Although the trade dress is the entire look of the product, the fact is that the tail or body of all tie wraps is necessarily essentially the same.[6] It is really only the head portion of the tie wrap that may distinguish one from the other. It is the head therefore that makes a particular product distinctive. It is also true that all tie wraps must have within that head configuration a horizontal slot for the passage of the tail or body after it has been wrapped around the bundle of cables it is being used to attach together and a locking mechanism – whether it be steel or plastic – to lock the tail in place after it has been looped around the cables being tied and passed through the horizontal slot of the head. After meeting all of these functional necessities what is left to differentiate one tie from another therefore is basically the shape of the head. The shape of the TY-RAP head is a simple unadorned oval[7]. As such it cannot not be inherently distinctive and must depend for its protectability on the existence of secondary meaning.

Likelihood of Confusion

Having established secondary meaning, Thomas & Betts must now show likelihood of confusion between its TY-RAP product and Panduit's BARB-TY. Factors to consider in determining the likelihood of confusion are the similarity of the claimed trade dress/product configurations, the area and manner of concurrent use, the degree of care likely to be exercised by consumers, the strength of the trade dress, evidence of actual confusion and the intent of the alleged infringer. *Ohio Art Co. v. Lewis Galoob Toys Inc.*, 799 F.Supp. 870 (N.D.Ill. 1992) (Judge Shadur) The true test for likelihood of confusion is not only the similarity of the look of both products, but how the products are perceived by the consumer. This in turn will depend upon many, if not all of the circumstances surrounding the actual marketing of the products. For example, the labeling and packaging of the products, i.e., are the product names, manufacturers names and/or logos prominently and distinctly displayed in advertising, catalogs [sic], packages and at trade shows. *Ohio Art Co.*, at 884. In this regard it has been held that the strength of the relative marks or logos is important because strong – well known trade marks or logos will be more readily noticed by consumers than weak marks. Therefore, the existence of a prominently displayed but relatively unknown (weak) mark will not draw the consumer's attention away from the characteristics or similar look of an accused product. *Ohio Art*, at 884.

---

[6] There can be small differences in the tail or body such as the existence of longitudinal lines or small gripper lines at the end of the tail for a better grip. But these are insignificant differences which are largely functional elements of the product.

[7] The transverse (vertical) slot of the TY-RAP head, which does add some distinctiveness to the otherwise plain oval shape, will be discussed later.

In the case at bar, as the findings of fact above reflect, there is contradictory evidence on the degree to which the competing products will be differentiated by the circumstances of their actual marketing. The analysis is made more difficult by virtue of the fact that the involved products are not sold to the consuming public in general, but rather to electrical distributors, original equipment manufacturers (OEM) and maintenance repair operators (MRO). The sales to OEMs and/or MROs may be done through electrical distributors or directly by Thomas & Betts or Panduit. Electrical distributors may also sell to construction contractors and others. The sales therefore take many forms. Direct bulk sales to OEM and MRO may be as much as 35% of all dollar sales by Thomas & Betts. For such sales the possibility for confusion is small. These sophisticated direct purchasers generally purchase by ordering large quantities by product number and often after negotiating for special prices, so that they will know exactly what and from whom they are purchasing. They are not likely to be confused by look alike products. Similarly, electrical distributors are not likely to believe that they are ordering from Thomas & Betts when they are in reality ordering from Panduit. The greatest possibility for confusion comes from smaller purchases of cable ties at the electrical distributorship, either in person, by phone or by fax. If a construction contractor comes in with a Thomas & Betts TY-RAP cable tie and asks a counter man for a bag of the same, for example, he may never notice that what he gets is a Panduit BARB-TY instead.

Similarly, when a purchaser takes a package of the product from a point of purchase display, he may, if he focuses on the depiction of the product contained in the package or the display and not the brand name (assuming he even knows the brand name of the product he is looking for), not realize he is getting a Panduit BARB-TY as opposed to a Thomas & Betts TY-RAP. They both look almost exactly alike. Consumers may also FAX or phone in an order either to one of the manufacturers or to an electrical distributor, or a customer could ask someone else to go to the distributor on their behalf to pick up the product based on some sort of a description. What will happen in these situations depends to a large extent on the accuracy of the description given with the purchase order. To the extent that purchasers are accustomed to giving a generic description of the cable tie they want, e.g., "barb tie", because there has never been more than one steel barbed cable tie, the possibility for confusion is made greater.

The point of purchase displays, are clearly differentiated by virtue of the company color, logo, company name etc., as are the smaller packages sold from these displays. Yet even with this differentiation, the consumer who is not necessarily aware of the name of the manufacturer of the TY-RAP may – although wishing to buy the same product he has been using for 20 or 30 years – purchase a Panduit BARB-TY instead because of the nearly identical look of the products in conjunction with the use of the term "BARB-TY." In addition there was some testimony that electrical distributors retrieving packages, especially the completely see through bulk packages, for a customer from the warehouse may be confused as to which product they are retrieving for a customer or to fill an order. In this regard the Panduit bulk package label is not even affixed to the outside of the package but rather floats inside the package amongst the product. To the extent that this label gets lost or buried among the cable ties, the origin of the cable ties in the package will be almost impossible to ascertain.

Although both products have the company name or logo and/or the product name stamped on the cable ties themselves, this is of little help because these identifiers must necessarily be made so small as to be almost impossible to read without a purposeful determined study of the product. While some purchasers might very well make such an effort, it is doubtful most will.

To the extent that customers have become accustomed to referring to the TY-RAP as a barb tie or the one with a barb in it, confusion is even more likely. Panduit has chosen to name its new product "BARB-TY" which of course sounds identical to the descriptive phrase "barb tie" and very similar to the phrase "barbed tie" – both of which were, to the extent they were used at all[8], preserved for almost thirty years for the Thomas & Betts TY-RAP since it was the only product with a steel barb in it for that period of time. This likelihood of confusion is made even stronger by the fact that the two products will compete directly in the same market place and Panduit has determined to copy the entire line of T&B steel barbed cable ties.

Although no evidence has been presented of actual confusion in the marketplace I do not infer from this that there is no likelihood of such. The Panduit product has been in the market for only a short period of time and actual sales have been relatively small to date. In addition Panduit has not yet introduced a full line of its steel barbed cable ties to compete with Thomas & Betts's full line of ties.

---

[8] As explained in the above findings of fact, there was conflicting testimony as to the extent to which the terms "barb tie" or "barbed tie" are in common usage to describe the Thomas & Betts product. But clearly some such usage occurs. Even Panduit employees use the term and Panduit has contemplated using a play on words involving its "BARB-TY" product designation as part of its advertising.

It is clear from the totality of the evidence presented that Thomas & Betts has established a substantial likelihood of confusion.

Functionality

Panduit has raised the defense of functionality. To be protectable, a trade dress cannot be "functional," which has been defined as something that is necessary to enable a competitor to "compete effectively" with the trade dress owner. *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 850 n.10 (1982). The Seventh Circuit considers functionality to be an affirmative defense as to which the defendant bears the burden of proof. *Badger,* 13 F.3d at 1151; *W.T. Rogers Co. v. Keene,* 778 F.2d 334, 338 (7th Cir. 1985). The defendant has the burden of establishing that the plaintiff's trade dress is functional. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1189 (7th Cir. 1989). Functionality has been defined in several ways. A functional feature has been described as one which competitors would have to spend money not to copy but to design around. *W.T. Rogers* 778 F.2d at 339; *Schwinn, supra.* In *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1188 (7th Cir. 1989) and *Waldmann Lighting Co. v. Halogen Lighting Sys.*, 1992 U.S. Dist. LEXIS 21552, No. 91 C 3491, at *57 (N.D. Ill. Mar. 19, 1992) functionality was also described in this manner: "For purposes of a defense against trade dress infringement, 'functional' means not simply that the feature serves a function, but that the feature is necessary to afford a competitor the means to compete effectively."

The Fifth Circuit has held that a design is "legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection . . . "; cited in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753, 2760-61, *rehearing denied*, 113 S.Ct. 20 (1992). Stated differently, the test is "is it the best or one of a few superior designs available?" *In Re Morton-Norwich Products, Inc.*, 671 F.2d 1332 at 1341.

Functionality does not depend solely on whether other possible designs are feasible. Rather the test is whether the particular features claimed as a trademark are necessary for effective competition. *Ohio Art,* at 885 citing *Schwinn,* 870 F.2d at 1191. "[M]erely because there are other shapes and designs which defendant could use and still produce a workable product, the design used is not thereby non-functional." *Keene Corp. v. Paraflex Industries, Inc.,* 653 F.2d 822 at 827. "Simply because other configurations are available or feasible does not render the design non-functional." *Tyco Indus. Inc. v. Lego Sys. Inc.,* 5 U.S.P.Q.2d 1023, 1039, 1987 WL 44363 (D.N.J. 1987), *aff'd without published opinion,* 853 F.2d 921 (3d Cir. 1988).

The fact that the claimed trade dress/product configuration is depicted as the preferred embodiment in a utility patent is considered evidence of functionality as is the fact that the plaintiff itself chose the very same shape shown in the patent drawings for its own commercial embodiment. *Ohio Art,* at 885. It matters not that the particular shape of the TY-RAP is not an element of the patent claim, rather the important question is whether the claimed configuration is one embodiment of the claimed invention and whether the shape is ornamental.

In reviewing the evidence this court notes that originally a great deal of controversy took place over whether or not the shape of the TY-RAP cable tie is functional as well as controversy over the functionality of the transverse/vertical slot. For example, Marcus Logan, a former Thomas & Betts employee, testified that the shape of the original twist tie was mostly for appearance, not for functional considerations. Likewise, Harold Martin, a former engineer for Thomas & Betts testified that in developing the barbed cable tie, he intentionally used the twist-locking cable tie head design with both the round head and vertical slot not for any functional purpose but so the molds for the barbed cable tie product could be used to produce twist-locking ties if the barbed cable tie was not well received. Martin specifically denied that the upper transverse slot was needed to install the metal barb and insisted it could have been done in different ways. He did admit that the twist lock tie head was made an oval shape in order to make it as smooth an exterior as possible yet retain reasonable strength. Thus, according to these two Thomas & Betts employees, the oval shape of the head is minimally functional, but the transverse slot is not at all.

Likewise, the rounded edges of the oval head shape were, according to some, functional in another manner because they eliminated the need to use extra material to fill in the corners of a mold thereby saving in costs of production. Also the round shape avoids sharp corners in the mold which might disrupt the flow of plastic material as it fills the mold.

Thomas & Betts's expert, Mr. Lazar, however testified that the TY-RAP head was not the best design for the product because the existence of the transverse slot weakened the head and the head contained unnecessary material in areas where there was little or no stress during use. He also asserted that rounded corners, not necessarily a rounded head will avoid disruption of the flow of plastic in the mold and that from his observations the shape of the head is irrelevant to the comfort level of the user. Lazar proposed some 14 alternative shaped heads which were feasible designs for competitive products and some five or six alternative production methods to eliminate, partially at least, the vertical slot.

Panduit's main response to all of this testimony was to point to the Schwester patent for the TY-RAP – which expired in 1982 and the Mariani patent for the security tie which expired in 1986. Together these patents state that the transverse slot is necessary for the insertion of the cable tie and depict the TY-RAP product configuration as the preferred embodiment of the patent claims. In addition Thomas & Betts itself chose the very same shape shown in the patent drawings for its own commercial embodiment. This is some evidence that this embodiment is superior to others or at least one of a limited number of alternative designs available to competitors. Panduit also points out that Thomas & Betts never attempted to obtain trade mark protection for its product configuration while their patents were valid. The fact that it is doing so only now is argued to be evidence of an intent merely to perpetuate its patent rights.

After and [sic] extensive review of the conflicting evidence the court finds that the Thomas & Betts design is at least to some extent beneficial in the actual functioning of the product. Neither the transverse slot nor the oval shaped head is absolutely necessary in the sense that other methods of achieving a competitive product are not available, but the number of alternative product designs and methods of manufacturing are not infinite. Equally important, the insertion of the steel barb from the top through the transverse slot is the only method which has been proven to work. This method of production necessitates that the product have a transverse slot and is specifically mentioned in the language of the patent application. Although the oval shaped head contributes to the functionality of the product because it avoids sharp corners, is smooth and not likely to snag and uses less material than some of the other proposed shapes, it is not the only or even the optimum design.

In cases in which the asserted trade dress is not a container, or package, or color scheme, but the actual shape of the product itself, it is particularly important to delineate between protectable and unprotectable elements of the claimed trade dress in order to avoid conflict with the patent laws and the impedance of competition. There is a danger that the trade dress infringement laws improperly applied to product configuration may result in perpetual functional patents in contravention of the intent of the patent laws.

In the instant case the oval shape with the transverse slot clearly is one embodiment of the claimed invention. In fact, for almost thirty years it was the only embodiment of the claimed invention. Much of the evidence supports the argument that the TY-RAP is an embodiment of the elements of the claims of the patent and contains no artistic or distinguishing marks (save for the Thomas & Betts logo). The configuration represented by the TY-RAP is simple and in some ways adapted to the functions it performs. Further, the claim of trade dress rights which Thomas & Betts makes is founded in great part upon a simple and common geometric shape – an oval.

But we must not ignore the Supreme Court's language in *Two Pesos, supra.* This court is well aware of the fact that the *Two Pesos* case, with its discussion of Fifth Circuit law makes a strong case for the conclusion that there is not necessarily a conflict between granting trade dress protection for product configurations under the Lanham Act and the purpose and intent of the patent laws.

The particular dilemma faced in the case at bar is that while the transverse slot and the long tail and the steel barb may all be functional – one of a few superior designs available, the oval shape of the head is not a predominantly functional element and it is this head shape which gives the TY-RAP its distinctive appearance and which results in the danger of consumer confusion. Panduit could easily have, as did Mr. Lazar, designed a different, possibly more efficient head shape with a transverse slot and then gone on to utilize the teachings of the patent and the method of manufacturing which lends itself to those teachings. Do we then allow Panduit to intentionally copy this element of the trade dress which most serves to distinguish the competing product and has little functional value without ever having made any significant attempt to utilize a different shape and knowing that there are other shapes available which, when utilized with the transverse slot, will allow Panduit to field a competing product? The answer can be found in *Textron, Inc. v. United States Int'l Trade Comm'n*, 753 F.2d 1019, 1025 (Fed. Cir. 1985).

> "The case law of this court and of its predecessor also establishes that before an overall product configuration can be recognized as a trademark, the *entire* design must be arbitrary or non *de jure* functional (citations omitted). The reason for this rule is self-evident – the right to copy better working designs would, in due course, be stripped of all meaning if overall functional designs were accorded trademark protection because they included a few arbitrary and nonfunctional features (citations omitted). In cases where the holders of such designs seek trademark protection, it can be obtained only for those features that are nonfunctional (citations omitted)."

While the evidence supports the finding that the transverse slot, the vertical slot, the steel barb and the tail or body of the TY-RAP are functional parts of the design, the oval shape of the head is not. Panduit could have, as did Mr. Lazar, designed a different, possibly more efficient head shape with a transverse slot and then gone on to utilize the teachings of the patent and the method of manufacturing which lends itself to those teachings. It made no effort whatsoever to do so. Panduit could easily have made its new cable tie a rectangular shape. A shape which it has been using in head to head competition with Thomas & Betts for years. In fact, in its initial attempt to develop a two piece cable tie, operation strap, Panduit contemplated doing exactly that. At that time only a rectangular shape was even considered. Instead it intentionally copied, not only the teachings of the Thomas & Betts' patents, but virtually every aspect of Thomas & Betts' entire line of steel barbed cable ties and then, to make matters worse, it chose a name for its product which, because it is descriptive of a quality of all steel barbed cable ties, will increase the possibility of confusing the two products. This is unnecessary for effective competition and should not be allowed. Thomas & Betts has established through its expert testimony a strong likelihood of success in showing that there are other head shapes which can be utilized just as or more effectively than its own oval shaped head. Let us not forget that Panduit has been successfully competing with Thomas & Betts's oval head ties for years with its rectangular or square head single piece cable ties.

Although it has the burden to establish a functionality defense, Panduit has merely argued from statements by Mr. Caveney, not designated as an expert but the person responsible for the accused product, and the language and drawings of the Schwester and Mariani Patents that the round head shape with a vertical slot is the best shape he could have used for a cable tie. Yet Panduit never undertook a functional comparison of its copy to alternative designs, including square or rectangular shapes which Panduit itself had developed and used in its one piece cable tie wraps. Panduit cannot establish limited options which "were the result of its own failure to timely develop or seek out reasonable alternatives." *Abbott*, 971 F.2d at 22. Panduit flatly admits that it copied Thomas & Betts' product without investigating any alternatives. Mr. Caveney testified that any engineer could simply by looking at the product tell that the oval shaped head was the most efficient for the two piece cable tie. In his mind no tests or analyses were needed to determine this – and in fact Panduit conducted neither tests nor analyses to determine what the optimum shape for its new product would be, but rather simply chose to rely on the proven success of the TY-RAP's oval shaped head. I find such evidence insufficient to establish a likelihood of success on the merits in proving the functionality of the head shape of the Thomas & Betts TY-RAP cable tie products. I further find that this feature of the Thomas & Betts product configuration is therefore protectable.

With respect to the transverse slot, the shape of the tail/body and the steel barb I find that Panduit has established a likelihood of success in proving that these elements are functional. They are the direct teachings of the expired patents and are necessary for the manufacturing of the product according to the teachings of the patents. Although Mr. Lazar testified as to other methods of manufacturing the cable ties without the transverse slots, these methods require an input of substantial capital and time to develop since no cable tie has ever before been made utilizing any of these methods. To grant trademark protection to the transverse slot configuration would result in a perpetual patent on the method of production necessarily implied by the language of the Thomas & Betts' patents.

2. Inadequate Remedy at Law

Having found that Thomas & Betts has met its burden of establishing a reasonable likelihood of success at trial on the merits, this court must turn to the question of the inadequacy of the remedy at law. This of course, as pointed out above, is one of the essential elements in establishing the right to injunctive relief. *Roland Machinery*, 749 F.2d at 386. Trade dress infringement cases are frequently found to satisfy this requirement because of the inherent difficulty in proving damages in such cases. For example, to the extent that there is confusion in the marketplace as to whose product is being used, Thomas & Betts will lose control over the reputation of its trademark. Such loss of control is considered irreparable harm whether or not it causes a loss of demand for its product. The extent to which this happens will be almost impossible to prove. Especially in a market in which there is active competition (one piece cable ties) to which consumers could turn in the alternative. Nor is there any way to measure or prove that damages resulting from the loss of sales or from a lack of growth in the future are the result of the product infringement. Therefore, the traditional remedy at law, monetary damages, would in this, as in most trade dress cases, be ineffective and inadequate.

3. Irreparable Harm

Irreparable harm is generally presumed in trade dress and trademark infringement cases. Damages to one's reputation in the industry is ordinarily considered irreparable harm. *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1091-1092. The loss in future sales in marketplace share resulting from such a lack of consumer confidence, the loss of good will, the inability to promote any new products, etc. are all damages which can be considered irreparable because they are impossible to quantify. Nor is it always possible to reestablish a reputation once it has been tarnished. Irreparable harm is normally presumed in trademark and trade dress infringement cases. *Ohio Art Company v. Lewis Galub Toys Inc.*, 799 F.Supp. 870, 887 (N.D.IL. 1992). "The most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendant's goods." *Process Plastic Company v. Warner Communications*, 675 F.2d 852, 858 (7th Cir. 1982).

The defendant, Panduit, argues that plaintiff cannot prove irreparable damages because of its delay in bringing this lawsuit. In *Floralive, Inc. v. Floraline International, Inc.*, 633 F.Supp. 108 (N.D.IL.E.D. 1985) Judge Will found that in this circuit, a delay alone did not preclude a claim of irreparable injury, but rather is but one of the factors which must be considered in determining the existence of irreparable injury.

In the present case, a December 6, 1993 memo from Thomas & Betts product market manager reveals that the plaintiffs had heard rumors some six months prior to the date of the memo that Panduit was coming out with a new two piece cable tie and that their sales force was being instructed on measures to prevent the loss of market share that might ensue. The first look at Panduit's new product was obtained by Thomas & Betts from this catalog. Thomas & Betts did not see the actual product, however, until January of 1994. The lawsuit was not filed until April 29, of 1994. The question before us is can it be inferred from the plaintiffs' delay that there is no real threat of irreparable harm. A review of the totality of the evidence convinces me that this is not the case. First, a delay of three months in the filing of this type of lawsuit is not necessarily unwarranted. Certainly, I would not expect plaintiffs to file suit before they had actually obtained a sample of the product. This alone took some time. From the time of obtaining the product to the time of filing the lawsuit, there were many things that the plaintiff had to do, e.g., the market survey on secondary meaning and the engineering analysis which formed the basis of their expert testimony. Without some idea as to whether or not there was an established and provable secondary meaning and whether or not there were feasible alternatives to their product configuration and method of manufacturing which would defeat the likely claim of functionality, it would have been inappropriate for the plaintiffs to file for an injunction. In addition, the plaintiffs seek nothing more by their injunction than to preserve what has been the status quo for some 27 or 30 years. There is nothing in this injunction that will prevent Panduit from continuing to sell its single piece cable ties which have been successfully competing with plaintiffs' product for many years. Nor will Panduit be prohibited from developing and selling a steel barbed cable tie with a rectangular or other shaped head. In fact, Mr. Caveney himself testified that even if they had been forewarned by Thomas & Betts back in November of 1993 (when Thomas and Betts first obtained an actual sample of the product) Panduit would not have stopped the development and investment in its line of two piece cable ties anyway. Moreover, the evidence of the likelihood of irreparable harm to Thomas & Betts which would result from the likelihood of consumer confusion caused by the combination of the new look alike product and the use of the term "Barb-ty" by Panduit in its marketing and advertising campaign is sufficiently strong enough to overcome the relatively small delay in the filing of the plaintiff's action.

4. Balance of Harms, the Public Interest, the Consequences of Granting or Denying the Injunctions to Non-parties

It now falls upon the court to balance the irreparable harm likely to be caused to Thomas & Betts by a failure to enjoin the activity complained of against the harm likely to be caused to the defendant if the injunction does in fact issue. Clearly Panduit will be harmed in the progression of its new product line by an injunction preventing the sale of the same. On the other hand, as pointed out above in the findings of fact, Panduit has not even at this point completed marketing its entire product line. This, accounts to some extent for the fact that there has been a relatively small volume of sales by Panduit of its new product. Mr. Caveney testified that such an injunction would critically damage Panduit's reputation in the marketplace because Panduit has made commitments to customers to deliver the new product. However, this is damage that would have occurred regardless of when the lawsuit was filed. We know this from Caveney's own testimony that the filing of the lawsuit in November would not have stopped them from continuing with the production and marketing of their product. Panduit also claims that there will be a detrimental effect on all of its product line as a result of this loss of faith amongst its consumers. Finally, Panduit claims that it would take at least a year and a half of development and testing before they could field a steel barbed cable tie with a different configuration.

Against these concerns we must weigh the concerns of Thomas & Betts that the introduction on a large scale of a competing product which is virtually identical to their own with a name that sounds precisely like a descriptive term that has been used to some degree at least to describe their own product would cause a great deal of confusion in the marketplace that would result in a loss of sales, market share, and also place at risk the 27 year old reputation of the TY-RAP cable tie and the company that produces it. This court must also weigh the public interest and the strength of the evidence presented by the plaintiff in establishing its likelihood of success on the merits. Clearly, the public interest is served by avoiding a situation which would cause confusion among consumers as to the source of a product. There is little contraveilling public interest consideration because an injunction would not leave the consuming public with a choice of only a Thomas & Betts product. As the testimony has established Panduit is already successfully competing with Thomas & Betts with its own one piece cable tie and has been doing so for years. So the public is not being deprived of the benefits of competition. Finally, the evidence in support of likelihood of confusion and infringement upon a protectable product configuration trade dress is strong. I therefore find that the balance of harms favors the plaintiff.

CONCLUSION

The defendant, Panduit Corporation, is hereby preliminarily enjoined pending the outcome of this case on the merits and until further order of this court, from further sales, advertising, promotion, or marketing of cable ties incorporating a steel barb locking mechanism with an oval shaped head and a transverse or vertical slot in the head. However, Panduit is not enjoined from developing and/or selling a steel barbed cable tie with a transverse or vertical slot in the head, but with a head configuration that is not identical or confusing similar to the Thomas & Betts oval shaped head.

SECURITY

Section C of Rule 65 of the Federal Rules of Civil Procedure requires an applicant for a preliminary injunction to give security in such sum as the court deems proper for the payment of costs and damages as may be incurred or suffered by any party who was found to have been wrongfully restrained or enjoined.

> "Rules 54(d) and 65(c) establish what Judge Friendly recently called 'a principle of preference' guiding the exercise of the district judge's discretion . . . the judge must have a good reason for departing from such a principle in a particular case." *Coyne-Delany Co. v. Capital Dev. Board of Illinois,* 717 F.2d 385, 392 (Court of Appeals 7th Cir. 1983).

Damages recoverable under such a security bond would be such as are incurred or suffered by a party as a direct consequence of a wrongful restraint. Absent an allegation of bad faith, even if a restrained or enjoined party is ultimately successful, it may not recover its direct damages from the other party unless a bond has been required. The amount of recovery permissible is the full amount of the bond and no more. *Coyne-Delany Co. v. Capital Dev. Board of Illinois, supra,* at 393. Therefore, the bond amount ought to be of sufficient quantity to defray the full cost of any loss attributable directly to any injunctive order entered by the court which is later determined to have been erroneous. The record in this case suggests that Panduit faces a substantial loss if it is enjoined wrongfully from proceeding with the sale of its BARB-TY cable line. The testimony was that Panduit has received commitments from its distributors in excess of $1.7 million in sales to distributors of the BARB-TY cable line and that the company has made contractual quotations (in effect offers) in excess of $550,000.00 of sales. Actual sales however, at the time of the evidentiary hearing were not great. Panduit's estimate is that it would be approximate [sic] a year and a half before it could re-enter the steel barbed cable tie market with a new product. From the evidence submitted at the hearing, it is not possible to determine with any precision the actual loss of *profits* to Panduit that might result from such a wrongful injunction. At best, we have evidence of dollar amounts of "commitments" and "quotations" of approximately $2.2 million dollars. How many of these commitments or quotations would actually become sales, and what percentage of such sales would actually be net profit to the company, is impossible to say. Nor is it possible to determine, given the BARB-TY products limited time on the market, what the future demand would be for such products. However, a conservative estimate of the amount of profits that Panduit would stand to lose by virtue of being wrongfully preliminarily enjoined from the sale of its product would, I believe, be $500,000.00. This would include the loss of profits from the commitments already received as well as any future sales during the pendency of the litigation and damage to Panduit's standing among its customers. I therefore find that a bond in the amount of $500,000.00 will be required of the plaintiff in order to protect the defendant's interests as a condition precedent to the injunction order taking effect.

SO ORDERED **ENTER: DECEMBER 14, 1994**

/s/ Ronald A. Guzman
RONALD A. GUZMAN
United States Magistrate Judge

Copies to:

Malcolm Brooks
Marc Fogelberg
Jerry Kronenberg
McBride, Baker & Coles
Northwestern Atrium Center
500 West Madison Street
4th Floor
Chicago, Il 60661-5700

Keith Gilman
Lawrence Lerner
Lerner, David, Littenberg, Krumholz & Mentlik
600 South Avenue West
Westfield, N.J. 07090

Charles Wentzel
Mark Hilliard
Panduit Corp. Legal Dept.
17301 Ridgeland Avenue
Tinley Park, IL 60477

David Hilliard
John Brown
Pattishall, McAuliffe, Newbury, Hilliard and Geraldson
311 South Wacker Drive
Suite 5000
Chicago, IL 60606

UNITED STATES COURT OF APPEALS
For the Seventh Circuit
Chicago, Illinois 60604
October 23, 1995.

Before

Hon. WALTER J. CUMMINGS, Circuit Judge
Hon. WILLIAM J. BAUER, Circuit Judge
Hon. ILANA DIAMOND ROVNER, Circuit Judge

THOMAS & BETTS CORPORATION and THOMAS & BETTS HOLDINGS, INC.,	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.
Plaintiffs-Appellees,	No. 94 C 2656
No. 94-3911 vs. 95-1793	Ronald A. Guzman, *Magistrate Judge.*
PANDUIT CORP.,	
Defendant-Appellant.	

ORDER

On consideration of the petition for rehearing and suggestion for rehearing *en banc* filed by plaintiffs-appellees in appeal No. 94-3911 and the response thereto of defendant-appellant, and the petition for rehearing filed by defendant-appellant in appeal No. 95-1793, no judge in active service has requested a vote on the suggestion for rehearing *en banc* and all of the judges on the original panel have voted to deny rehearing in both appeals. Accordingly.

IT IS ORDERED that both of the aforesaid petitions for rehearing be, and the same are hereby, DENIED.